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THE EFFECTS OF THE PRESIDENT'S BUDGET AND GRAMM-RUDMAN-HOLLINGS ON AVIATION PROGRAMS

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HEARING

BEFORE THE

SUBCOMMITTEE ON AVIATION

OF THE

COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION HOUSE OF REPRESENTATIVES

NINETY-NINTH CONGRESS

SECOND SESSION

MARCH 12, 1986

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THE EFFECTS OF THE PRESIDENT'S BUDGET AND GRAMM-RUDMAN-HOLLINGS ON AVIATION PROGRAMS

WEDNESDAY, MARCH 12, 1986

House of Representatives,
Subcommittee on Aviation,
Committee on Public Works and Transportation,
Washington, DC.

The subcommittee met, pursuant to notice, at 10:10 a.m., in room 2167, Rayburn House Office Building, Hon. Norman Y. Mineta (chairman of the subcommittee) presiding.

Mr. Mineta. The Aviation Subcommittee will please come to order.

Today's hearing reflects our increasing sense of frustration over our inability to obtain adequate funding for aviation programs. At the heart of the problem is the continuing refusal by the administration and the Congress to allow the taxes that are being paid by aviation users to be spent for the purposes for which they are collected.

In 1982, we authorized the airport and airway trust fund and increased the taxes on aviation users. The users now pay almost $3 billion a year into the trust fund, and if these taxes and other trust fund revenues were fully spent for the authorized programs, the trust fund would cover almost 75 percent of the FAA's budget.

Yet, despite these very substantial contributions from aviation users, FAA programs have been consistently underfunded, creating an ever-increasing surplus in the trust fund.

Until this year, the main cause of the underfunding has been the pressures created by the budget process under which surpluses in the airport and airway trust fund can be used to reduce the deficit of the rest of the budget. This year, the problem has been compounded by the Gramm-Rudman-Hollings legislation which provides that if Congress fails to make substantial reductions in the budget deficit, there will be uniform cuts in all programs regardless of whether they are essential for safety.

Under Gramm-Rudman-Hollings, we not only have to be concerned with adequate funding for the aviation trust fund programs but, in addition, we also have to face the prospect of substantial cuts in other essential aviation programs, such as the FAA air traffic controllers and airline inspectors, the aviation programs of the National Transportation Safety Board and the Department of Transportation.

At today's hearings, we will explore the implications of these cuts on aviation safety and aviation capacity. We also want to explore the possibility of developing legislation to ensure that we will continue to have a safe and efficient aviation system.

Even before the Gramm-Rudman-Hollings legislation, there were substantial problems in obtaining adequate funding for aviation programs. The 1982 Airport and Airway Improvement Act was a mutual commitment between the Federal Government and the aviation industry to look to the long-term needs of the airway and airport system, to provide funding for needed growth and improved efficiency through the introduction of new technology, and to build a financial mechanism equal to doing the job.

Unfortunately, the Federal Government has repeatedly reneged on its commitment, while the users have continued to make good-faith payments into the trust fund. Not only the executive branch, but our colleagues in the Congress as well, have been unwilling to honor the agreements made in our 1982 legislation.

In a recent example, the fiscal year 1986 continuing appropriations resolution reduced funding for the Airport Improvement Program to $925 million, about 10 percent below the authorized level. Similarly, during the prior 3 fiscal years, obligations under the Airport Improvement Program were a full $300 million less than the amounts which were authorized and for which the users had paid taxes.

There has been an even greater shortfall in the Facilities and Equipment Program for modernization of the air traffic control and navigation system. From fiscal year 1982 through fiscal year 1986, appropriations of this program were $1.2 billion less than the authorized level.

These shortfalls are inexcusable when user taxes have been producing far more revenues than are needed to support the airport and airway trust fund programs. As a result of the shortfalls, the uncommitted surplus in the trust fund has grown from $2.1 billion at the end of fiscal year 1982 to an estimated $3.3 billion at the end of fiscal year 1985. By the end of fiscal year 1986, the uncommitted surplus is estimated to reach $4.3 billion.

Thus, despite the airport and airways trust fund's ever-increasing surplus and the fact that aviation users have paid the taxes in good faith, expecting them to be used to finance needed airport and airway safety and capacity improvements, aviation's dedicated revenues have been surreptitiously used to avoid having to cut general fund programs.

The only relationship between the programs that are directly subsidized by the surplus in the airport and airway trust fund and the airport and airway programs is that they are all included under the Budget Act's transportation category.

My increasing frustration with inadequate funding for aviation programs has led me to propose various legislative remedies. I supported legislation to provide a separate process for capital budgeting at the Federal level, inserted a pay-as-you-go amendment for trust funds in the fiscal year 1985 budget resolution, testified repeatedly before the Ways and Means and Appropriations Committees, and authored legislation to amend the budget act to allow trust fund programs to spend what they collect in revenues.

Last year I became convinced that it was necessary to go even further, and I proposed legislation to take the airport and airway trust fund out of the Presidential and congressional budget processes. I took this step with the greatest reluctance, since I have been a long-time supporter of the Congressional Budget Act and the processes that it established. It was only after trying all other avenues that I reluctantly concluded that the trust fund concept would not work for aviation unless the trust fund was separated from the unified budget with its massive deficits.

Our legislation to take the trust fund out of the budget was strongly opposed by the powerful Appropriations and Budget Committees. Yet, despite this, with strong support from aviation users, we came within 17 votes of passing the off budget legislation. This close vote was highly encouraging.

Now the Gramm-Rudman-Hollings law places aviation in an even worse situation. The targets of Gramm-Rudman-Hollings for deficit reductions will bring great pressures on Congress to cut funding for aviation programs without regard to safety and without regard to the contributions users are making to support the programs.

Gramm-Rudman-Hollings further provides that if Congress cannot agree on a budget reduction package, all programs will be cut by a uniform percentage which could be in the 20-percent range. Gramm-Rudman-Hollings adds to the difficulty of fashioning legislation to protect aviation programs.

Protecting the trust fund programs is only part of the problem. We also need to prevent massive across-the-board cuts in non-trust fund programs such as the FAA's operating budget and the aviation programs of the National Transportation Safety Board and the Department of Transportation.

Moreover, it is no longer sufficient to take aviation programs out of the budget process. The programs must also be protected against the automatic across-the-board cuts of Gramm-Rudman-Hollings.

Now, at today's hearings we hope to get suggestions from the witnesses as to how we can fashion legislation to deal with these problems. One issue in which I am particularly interested is whether the users would be willing to have the trust fund used to support a larger percentage of the FAA operations budget, as part of a legislation package in which operations, along with other trust fund programs, could be taken out of the budget process and protected against Gramm-Rudman-Hollings cuts.

We are looking forward to learning the views of the witnesses on these and other important legislative issues, and it is my hope that we can work together to develop legislation which will ensure that we will continue to have the world's finest aviation system.

At this time, I would like to yield to my very fine colleague, the ranking Republican on the Aviation Subcommittee, Congressman John Paul Hammerschmidt of Arkansas.

Mr. HAMMERSCHMIDT. Thank you very much, Mr. Chairman.

This is certainly not the first budget hearing for me this session. Indeed, a few weeks ago, I attended our Surface Transportation Subcommittee's hearing and listened to administration officials defend their budget for highways and mass transit.

Then, on that same day, I was in the Veterans' Affairs Committee to do the same thing. In those cases, as with aviation, we had to consider exactly what the budget ought to be in light of our budget deficits and our overall national debt.

The problem is made especially difficult now, of course, as a result of Gramm-Rudman. I realize that Mrs. Dole, Mr. Engen, and Mr. Burnett have a tough job in trying to reconcile the need for deficit reduction with the very important needs of aviation, and I appreciate the job that they are doing.

But I have some very real concerns with the aviation budget that OMB has sent up here. I am concerned about the proposal to eliminate the aviation trust fund's penalty provision and to forgo interest payments on the fund's cash balance.

I want to reiterate and amplify a major point just made by my friend, Chairman Mineta. I am also concerned about the continued opposition to taking the aviation trust fund off budget. Our Government has been collecting billions of dollars in taxes from airline passengers, private pilots, and other aviation users. They paid these taxes into the trust fund in good faith with the understanding that their money would be used to improve and expand the airport and airway system.

However, much of this money has not been spent at all in order to make the deficit look smaller on paper. This game has been played a long time up here in Washington, not just in this administration.

Of course, since trust fund money cannot be spent for any purpose but aviation, the reduction in the deficit is merely an illusion. The money is not spent for other public purposes or to pay off the national debt. It just sits there in the trust fund and accumulates.

Mr. Chairman, you said it earlier: A $4.3 billion surplus in the trust fund by the end of this fiscal year is inexcusable. As I have said many times in the past, by failing to spend trust fund money for its specific purpose, we are breaking faith with the aviation users of this Nation.

As you recall, and as you mentioned earlier, last session we brought this trust fund issue to the House floor as part of the budget reconciliation package. Unfortunately, we lost, but the vote was very close. I think changing about eight votes would have made the difference.

The failure to take the trust fund off budget is one of the reasons why we are now faced with such low funding requests for the airport improvement program and the facilities and equipment program. Under the President's budget, both would not only receive less money next year than is authorized, but also less money than they are receiving now, even after the Gramm-Rudman cuts.

I well recall, two summers ago, when the system was experiencing serious delays, Administrator Engen said that one of the major reasons for the problem was the lack of concrete; that is, the lack of adequate airport and runway capacity. Well, I don't know how we are going to meet the capacity needs of the next few years, when traffic is expected to grow, if funding for airport improvements is to be 30 percent below authorized levels as the administration budget proposes.

We also must question how the important goals of the national airspace system plan will be met when funding for facilities and equipment will also be almost 30 percent below authorized levels.

In addition to the problem with the trust fund programs, I am also concerned about the proposal to eliminate essential air service—the EAS Program—ahead of schedule. I have already written to Secretary Dole about this, so I don't want to belabor the point here. It just seems to me that the annual proposal to abolish the EAS Program is creating uncertainty that can only serve to undermine the long-term viability of small community air service.

In light of the negligible effect, relatively speaking, abolishing this program will have on the Federal deficit, I believe it would be better to let the EAS Program continue for the 10-year period promised in the Deregulation Act before considering what to do with it in the future.

These and other issues in the proposed budget concern me. I look forward to the witnesses addressing them in this hearing today, and I want to join you in welcoming our witnesses, Mr. Chairman.

Mr. MINETA. Thank you very much, Congressman Hammerschmidt. Any other members? Mr. Anderson.

Mr. ANDERSON. Thank you, Mr. Chairman.

First, I want to commend you for scheduling this hearing today to examine the potential effects of the Gramm-Rudman budget bill on the aviation industry. And, like you, I voted against Gramm-Rudman. I know that you and I are just as concerned about deficits as those who supported that legislation.

But a very deadly situation could arise if automatic, across-the-board spending cuts are made in the very programs that promote and protect public health and safety. This is particularly true in the area of aviation.

As we all know, just this past week the General Accounting Office issued a stinging report which concluded that air traffic controllers are overworked, and it would be prudent to limit the growth in air traffic before the system loses its proper margin of safety.

In a nutshell, the GAO report confirms what many have been saying for some time now, that the air traffic control system is dangerously stretched too thin and is less able to handle traffic than before the August 31, 1981, PATCO strike.

As a result of my own investigations, Mr. Chairman, I introduced legislation in January that exempts certain health, safety, and law enforcement agencies from the automatic spending cut requirements of Gramm-Rudman should they occur. This bill, H.R. 4035, includes the FAA in this safety category and is currently pending consideration in the Government Operations Committee.

Our purpose here today is not partisan in nature; in fact, to the contrary. I think there is a general agreement between both sides that we do have a problem in the system, and it must be addressed by those who oversee its day by day operation. We want some answers because we are truly concerned that our air traffic control system has been compromised in recent years, and to ignore the problem, or to address it 2 or 3 years down the line, is certainly no solution.

So I welcome this opportunity and look forward to a productive hearing.

Mr. MINETA. Mr. Lightfoot.

Mr. LIGHTFOOT. Thank you, Mr. Chairman.

I would like to join my colleagues in welcoming our witnesses today and thanking you for the hearing.

I have got a particular interest in this particular hearing, not just because of being a committee member, but I am also a user of the system as a commercial user every weekend, returning back to the Midwest as a commercial passenger. I am also a flight instructor, and a pilot, and a safety counselor for the FAA on a voluntary basis, so we work both sides of the coin. What happens with aviation is very near and dear to my heart.

I feel that today as we go into this hearing and we are talking about the necessary budgetary cuts that need to be made, there are a couple of points I would like to touch on very briefly.

The air traffic control system today, I feel, is much safer than it was prior to the PATCO strike. As a pilot at that point in time, I was vectored all over the sky; they wasted my fuel; they wasted my time; they put me in some compromising positions; and I think, once that strike took place, we have come up with a better system than we had before, and the air traffic controllers we have working today are doing a commendable job.

However, we have reached a point in time, as traffic has increased, that we certainly need to analyze their situation and see if there are some things that need to be done to continue to keep the American aviation system the safest one in the world.

I am at extreme odds with the administration on their proposal to terminate funding for the essential air service program. Now, we have covered this ground before, but I would like to emphasize again that I believe it is unfair to the rural areas to terminate this program before the end of its current authorization.

The positive, competitive effects of the transition from a regulated to a deregulated airline industry have not yet been fully realized in the market for the smaller communities, but it is gradually happening. I firmly believe we need to continue the subsidy until the airline industry has made the adjustments necessary to guarantee that the marketplace will take over. I am all for letting the marketplace work, but I simply don't believe that we have come to the point where we can cut off the subsidy and rest assured that people living in rural areas won't be forced to drive 400 to 500 miles to the nearest airport.

If the U.S. Department of Transportation has any new evidence which justifies the proposal to terminate the subsidy, I hope we will hear that today, but otherwise, I think the program should be continued as planned.

Briefly, in closing, Mr. Chairman, I agree with you and my other colleagues that the aviation trust fund should be pulled off the unified budget. I think the message is loud and clear from this committee, in a bipartisan effort, that we will be back again, and again, and again until we get the job done, and I hope that that message soaks in somewhere because that is where it should be. It should not be where it is today, and I think we could make a lot better use of it if the funds were off budget and we could use them in the way that they were intended to be used in the first place.

With that, I appreciate the hearing and welcome you gentlemen this morning.

Mr. MINETA. Thank you very much.

Our first witness this morning is the Hon. Richard H. Jones, the Deputy Administrator of the Federal Aviation Administration. Mr. Jones, your statement will be made a part of the record, and so please go ahead and proceed in your own fashion. Just before you do so, let me express publicly, as I did to Admiral Engen, frankly, my very strong disappointment and displeasure, for his not being able to be here today, given the importance of this first budget that is going to be under the ax of the Gramm-Rudman-Hollings Act.

Go ahead and proceed, sir.

TESTIMONY OF HON. RICHARD H. JONES, DEPUTY ADMINISTRATOR, FEDERAL AVIATION ADMINISTRATION, ACCOMPANIED BY ANTHONY J. BRODERICK, ASSOCIATE ADMINISTRATOR FOR AVIATION STANDARDS; WALTER S. LUFFSEY, ASSOCIATE ADMINISTRATOR FOR AIR TRAFFIC; FRANK FRISBIE, ASSOCIATE ADMINISTRATOR FOR DEVELOPMENT AND LOGISTICS; AND ROBERT L. DONAHUE, ASSOCIATE ADMINISTRATOR FOR AIRPORTS

Mr. JONES. Thank you, Mr. Chairman and members of the subcommittee. I am Dick Jones, the Deputy Administrator of the FAA, and with me this morning, beginning on my left, is Bob Donahue, the Associate Administrator for Airports; next is Frank Frisbie, the Associate Administrator for Development and Logistics; on my right is Walter Luffsey, the Associate Administrator for Air Traffic; and on the far right is Anthony "Tony" Broderick, the Associate Administrator for Aviation Standards.

We are all happy to be here before you, Mr. Chairman, and members of the subcommittee this morning.

Admiral Engen had a longstanding commitment to be at a meeting, and he regrets very much that he cannot be here and asked me to do my feeble best to appear in his behalf.

We do, as I say, welcome the opportunity to appear before the subcommittee today to discuss with you the FAA's proposed budget for fiscal year 1987 and the potential impact of the Balanced Budget and Emergency Deficit Control Act on the FAA. This is, of course, a very important topic, and I appreciate the interest of this subcommittee in assuring that the FAA programs are adequately funded.

In fiscal year 1986, as a result of the Deficit Reduction Act, the FAA's budget authority and obligation limitations are being reduced, as you know, by 4.3 percent. The effect of this reduction has been significant on the agency, particularly in terms of the operations appropriation in which we received $55 million less than the $2.749 billion we had originally requested for 1986. The Gramm-Rudman reduction in this account is $115 million more.

Therefore, the funding available to us before applying the reduction required by the Deficit Control Act was already below the levels that we had hoped to achieve for agency programs. Never-

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theless, the 4.3-percent reduction is of manageable proportions in terms of avoiding an adverse safety impact on the public.

In our efforts to achieve the necessary reductions in our budget this year, the steps we have taken are fully consistent with the administration's priorities of minimizing potential adverse impacts on safety and system personnel.

To reduce our operating budget for this year, we have taken a number of administrative actions. They include: No. 1, freezing employment from outside the agency, except for air traffic controllers, aviation safety inspectors, and civil aviation security specialists; 2, filling vacancies from within a local hiring area, except for security specialists, inspectors, airway facilities field positions, and air traffic controller cross-option transfers or career progression moves; 3, deferral of training, except in limited areas such as for controllers, inspectors, or security specialists; 4, freezing of travel except for regulatory and security-related travel and travel associated with the operation or maintenance of the national airspace system; 5, prohibitions on the procurement of new equipment except that vital to safety and security; 6, significant reductions in compensated overtime, with limited exceptions for security purposes and the like; 7, deferral of most new contractual studies; 8, limitations on the procurement of supplies and materials; 9, deferral of maintenance or fix-up projects except for those required for preservation of life or property. However, even with these anticipated savings, there remains a substantial shortfall in our operations appropriation. To accommodate this projected deficiency in a way that is designed to avoid furloughs of FAA employees, we plan to seek a supplemental appropriation, to be funded from resources available to the Department of Transportation, that will accommodate the expected shortfall.

We are well aware of this subcommittee's longstanding interest in FAA's staffing levels, so I would like to make clear at this point that, even with the 4.3-percent reduction this year, we are continuing to hire the additional aviation safety inspectors, controllers, and air marshals already planned for. Our plans to achieve the appropriate staffing levels in these important areas are continuing.

In terms of managing the reductions for this year in our facilities, and equipment, and in our research, engineering, and development appropriations, we are using two basic principles: Key safety programs must receive top priority; and we must safeguard the core of our air traffic control modernization efforts, including the advanced automation program.

We will experience some modest slippage in some elements of our program, but on the whole, our NAS plan—our national airspace system plan—efforts have not been significantly touched. This is true as well for our airports grant program, in that the 4.3-percent reduction will not impact high priority projects such as safety efforts.

In short, then, our fiscal year 1986 budget situation is tight but manageable within reasonable measures, assuming the enactment of our forthcoming supplemental request. Without the supplemental, we see no way of avoiding furloughs of our work force.

Moving on now to FAA's proposed fiscal year 1987 budget, the budget we have proposed for fiscal year 1987 meets two basic objectives. First, it is intended to complement the overall administration effort to reduce the Federal budget in a way that meets the goals of the Deficit Control Act. Second, it will provide funding to the FAA that is adequate to meet the current needs of the air transportation system.

The FAA's operations request of $2.7998 billion represents an increase in fiscal year 1987 of $159.4 million in budget authority over fiscal year 1986. That level of funding will accommodate the employment increases we are making in the aviation inspection and security areas as well as the continued training needs of our expanding controller work force. As I noted earlier, our efforts to reach our planned goals in inspector, controller, and security staffing are continuing as high priorities.

The facilities and equipment appropriation request for fiscal year 1987 totals $825 million. This funding level will continue our programs to increase the safety, efficiency, and capacity of the Nation's airway system. We are continuing our major efforts to upgrade the automated capability in our en route facilities, to provide improved terminal and en route radar systems, to modernize and improve air route traffic control center facilities, and to provide new and improved air navigation facilities.

Again, in managing our F&E [facilities and equipment] appropriation, our top priorities are to assure continued progress in important safety programs and to protect the key components of our modernization efforts. At this time, we remain fully committed to the accomplishment of the national airspace system plan and are doing all we can to manage this program in a way that continues to recognize its high priority within the agency and the aviation community as a whole.

Our request for research, engineering, and development is for $134.5 million. That level will continue the necessary support for the modernization of the national airspace system. Major RE&D efforts in 1987 include the continuing development of computers and sector suites to replace existing enroute and terminal systems capable of accommodating the post-1990 air traffic levels.

Further, research into detection of weapons, explosives, and flammable liquids will continue, as will our research programs for the acquisition, processing, and dissemination of weather information.

Additionally, the requested funds will support further research efforts to improve navigation and communications and will support agency regulatory activities in environmental and aviation medicine activities. Again, our allocation of resources within this appropriation will reflect a commitment to safety programs and to programs that most directly support our key national airspace system plan modernization efforts.

We are seeking an airport grant obligation limitation of $712.5 million. Our goals in administering the grant program will be to meet high priority safety needs first, and, second, key capacity work to the extent that it is feasible. We anticipate, however, that there will be work for which Federal funding assistance will be sought which we will be unable to fund.

As I noted a moment ago, the level of funding sought for fiscal year 1987 will meet the needs of the air transportation system.

They reflect the administration's commitment to reduce the overall cost of Government but also indicate a recognition that the FAA's aviation safety functions are legitimate Federal functions which must be preserved. In that regard, I believe it is worth noting that the FAA has fared better in the budget process so far than some other programs.

Now, what about future effects of the Deficit Control Act on the FAA? In response to the subcommittee's inquiry as to what the impact of a 15-percent or a 20-percent reduction on the FAA's budget would be, I can only respond by indicating that I see no reasonable way in which the FAA could absorb that kind of reduction overall without serious deterioration of the current levels of safety services we provide.

Clearly, the appropriate choice is for an overall Federal budget to be adopted which makes the necessary decisions about program priorities and accommodates the levels contemplated by the Deficit Control Act.

The President's budget accomplishes these goals while providing adequately for aviation needs. With the adoption of the President's budget, the automatic reductions of the Deficit Control Act would not be triggered, leaving funding for our aviation programs at the levels appropriated by Congress.

That completes my prepared remarks, Mr. Chairman. We stand ready to respond to your questions at this time.

Mr. MINETA. Thank you very much, Mr. Jones.

First of all, let me ask you a few questions about your plans for fiscal year 1986. In your testimony, you state that, notwithstanding the 4.3 percent Gramm-Rudman-Hollings cut, FAA still plans to hire additional aviation safety inspectors, controllers, and air marshals.

Let me ask you about your plans for inspectors. In the "Conference Report on the Continuing Appropriation for Fiscal Year 1986," the conferees stated that they expected you to hire an additional 300 aviation inspection personnel for fiscal year 1986. This was intended to include 200 inspectors and 100 support personnel. Now, are you planning to meet this goal?

Mr. JONES. Mr. Chairman, we are planning to meet that goal, and I will ask Tony Broderick, Associate Administrator for Aviation Standards, to give some detail on that question.

Mr. BRODERICK. Yes, sir; specifically, the goal and the schedule that was directed in the conference report is going to be met. We have a hiring and training plan to have all those additional people on board and in training by July 31.

Mr. MINETA. The report on the continuing resolution also stated that the conferees expected the FAA to have 14,806 controllers by July 31, 1986. Again, do you intend to comply with this directive?

Mr. JONES. Mr. Chairman, what the FAA is doing—and, of course, in overall and general terms what we are doing—is protecting the safety of the system. We are making administrative cuts in one place or another.

So far as the numbers of air traffic controllers are concerned, we will add, as Secretary Dole said that we would—and I know that you had a hand in this—500 additional controllers this year and 500 additional controllers in the next fiscal year. We will do that.

The number from which we began was somewhat lower, so the number that we will end this fiscal year with will be 14,480. By the end of the next fiscal year, we will have upwards of 15,000 air traffic controllers.

Mr. **Mineta**. Let me ask you about your new math on this, Mr. Jones, because, as I recall, we are adding 1,000 controllers in 2 fiscal years. If you add 500 this year to a base and then you add 500 next year to that base, it seems to me that the figures differ from what we see being submitted by the FAA, and I am wondering if you could explain the base to which you are adding those 1,000 in the 2 fiscal years.

Mr. **Jones**. I am going to ask Walter Luffsey, the Associate Administrator for Air Traffic, to help us with those numbers.

Mr. **Luffsey**. Yes, sir; let me see if I can clarify.

The Secretary's intended goal was to add 1,000 to the controller work force over a 2-year period. Last February we had achieved 14,306 in the controller work force. As of the end of the year, we were at approximately 14,000 in the controller work force. That was occasioned by some retirements and people leaving the air traffic assistant part of our work force.

The Secretary, in stating her objectives, indicated that we would achieve an addition of 1,000 over the 2-year period, which comes out to roughly 500 per year or a rate of 40 per month, as she indicated. From the 14,000 base at the end of the year, that became 14,480 as our objective for this year.

It is my understanding that, in the continuing resolution, the 500 was added to a February base of 14,306, contemplating, therefore, a 14,806 number. It also stipulated by the end of July, as I recall.

Mr. **Mineta**. So how do you explain, then, the deviation from what the Appropriations Committee has told the FAA to follow?

Mr. **Jones**. Well, sir, what we understood we were doing is adding 500 controllers a year for each of 2 years. We added those on a basis beginning with 14,000 rather than 14,306.

Mr. **Mineta**. Well, now, Mr. Jones, are you going to allow people to just go ahead and retire and let that base go way down, and then beat your breast because you add 1,000 later on and say, yes, I complied with your adding 1,000? But your base is different. You have got to take into account retirement, deaths, or whatever else occurs, and you cannot just say, well, I hired 1,000.

We knew, as Mr. Luffsey said, in February 1985, that the level was 14,306. Now, if you add 500 to that, that is 14,806, and if you add another 500, that is 15,306, and now you are talking about 14,480. Is that the correct figure?

Mr. **Jones**. Yes, Mr. Chairman; 14,480 is the figure.

Mr. **Mineta**. Now, again, that is a far cry from 15,306, which it seems to me the conference report was saying they expected to have as the work force.

Mr. **Jones**. It is my view, Mr. Chairman, that the Appropriations Committee was working on the basis that we had a 14,306 base on which to build rather than what was the fact, 14,000.

Mr. **Mineta**. I am trying to read this. The conferees also assume that this funding level will support 14,306 air traffic control positions, the level reached in February 1985, plus an additional 500 positions announced by the Department in September 1985.

Then it says the conferees expect the FAA to make special efforts to reach these staffing levels, as Mr. Luffsey pointed out July 31, 1986. It just seems to me that that 14,306 plus 500 positions, if my arithmetic serves me correctly, sounds like 14,806.

Mr. JONES. No question about your arithmetic, Mr. Chairman. [Laughter.]

Mr. MINETA. And why is FAA not fulfilling what the Conference Report directed them to do?

Mr. JONES. It was our understanding that we were adding, consistent with the Appropriations Committee's directions, 500 controllers in each of 2 years, which we are proceeding to do.

Mr. MINETA. Well, that is what I said. I don't want to go back around this thing like a merry-go-round, but you can let deaths and retirements and everything take your base down to 12,000, and then you add 1,000 to that and you are at 13,000, and you can say, yes, I complied with the directive. I added 1,000. But that 1,000 is based on a level of 14,306. I don't understand how the FAA feels that they can fudge on the base. I guess that is what I just don't understand.

Mr. JONES. Well, of course, we wouldn't characterize it as fudging on the base, Mr. Chairman, but we note your comments.

Mr. MINETA. Well, this is just round one because you are probably going to have to be answering the same question later on. You might as well get it down, get your answer pat, for Congressman Lehman and Senator Andrews. And I am going to remind them to ask you the same question when you appear before them.

Your testimony also states that in fiscal year 1986, you plan to seek a supplemental appropriation to avoid layoff of FAA employees. According to your testimony, the supplemental appropriation, is to be funded from resources available to the Department.

Do you plan to use funds which were supposed to go to aviation capital development programs, or are you planning to get funds from other modes of transportation within the category of transportation such as mass transit, Amtrak, whatever?

Mr. JONES. Mr. Chairman, the final decision has not been made on where those funds will come from, so I am unable to respond to your question at this time. As soon as that becomes clear, we will certainly pass that on to you, sir.

Mr. MINETA. Now, your testimony states that in fiscal year 1986 you expect some modest slippage in some elements of the NAS plan. Could you be more specific about what programs will be slipping?

Mr. JONES. I will ask Associate Administrator Frank Frisbie to respond to that question, sir.

Mr. FRISBIE. Thank you, Mr. Chairman.

We have several programs which, for technical reasons, will not be proceeding as quickly as we would like. Those are the programs that are slipping.

We are also, in the lower priority categories, taking our Gramm-Rudman cuts in those so as to maintain the very considerable momentum that we built up on the capital program, the F&E Program.

Mr. **Mineta**. I take it that none of those are really safety related, or rather that the advanced automation system is not being impacted?

Mr. **Frisbie**. That is correct, Mr. Chairman. The advanced automation program is moving along without any curtailment for reason of funds.

Mr. **Mineta**. And when will you be going out to final award on that?

Mr. **Frisbie**. That would be early to mid-year fiscal year 1988, Mr. Chairman.

Mr. **Mineta**. That slipped by quite a bit, then, didn't it?

Mr. **Frisbie**. That slipped about 6 months. It was slipped in the sense that we had an additional requirement which we inserted in that program and, as a result, have given the two contractors that are working on the design competition phase a longer period to reach the point at which we are ready for a production decision.

Mr. **Mineta**. The test that is going on right now is going along relatively well. Is that the reason for your changing requirements?

Mr. **Frisbie**. No, Mr. Chairman. It is basically some requirements to upgrade what was being pursued in the design competition phase. We are now talking about that portion of the program which is the advanced automation system where we have two contractors under contract in the design competition phase.

We have added in the requirement that they address the AERA Program, the advanced en route automation, that portion of the software which is a follow-on to the basic software, and a requirement that the controller displays be large color displays because the technology has moved along to the point where it is possible now to include that in the program. Those are the major reasons that we agreed to extend that program about 6 months.

Mr. **Mineta**. Turning to fiscal year 1987, we have just received from the general counsel of the Department of Transportation the annual report that is required by section 506(f) of the Airport and Airway Improvement Act of 1982.

That report details FAA's fiscal year 1987 budget request to the Department of Transportation and DOT's request to the OMB. I would like to add that to our hearing record today.

[The following was received for the record:]

U.S. Department of Transportation,
Washington, DC, February 27, 1986.

Hon. Thomas P. O'Neill, Jr.,
Speaker of the House of Representatives,
Washington, DC.

Dear Mr. Speaker: On behalf of the Federal Aviation Administration and pursuant to subsection 506(f) of the Aiport and Airway Improvement Act of 1982 (49 U.S.C. 2205(f)), I am enclosing copies of the fiscal year 1987 budget requests of the Federal Aviation Administration to the Department, including requests for "Facilities and Equipment" and "Research, Engineering, and Development". These materials also contain the submission of the Department to the Office of Management and Budget for the same accounts.

These materials led to final recommendations upon completion of the annual budget process and submission of the fiscal year 1987 budget to Congress by the President.

Sincerely,

Jim J. Marquez,
General Counsel.

Enclosure.

DOT REQUEST TO OMB

DEPARTMENT OF TRANSPORTATION
FEDERAL AVIATION ADMINISTRATION
RESOURCE SUMMARY-FINANCING (BUDGET AUTHORITY)
($ in thousands)

	BUDGET AUTHORITY			
			1987	
	1985	1986	Base Level	Request Level
AT	1,161,106	1,319,136	1,247,000	1,257,539
EM	749,018	767,572	797,023	788,839
I&M	106,117	179,651	215,776	215,776
AS-R	133,920	142,545	148,813	142,109
AS-C	39,537	37,059	37,678	38,105
AS-A	63,563	61,186	62,009	61,771
ASF	5,953	7,797	7,933	8,626
CAS	14,567	26,437	28,226	20,215
AN	18,402	11,235	12,472	13,317
AP	24,728	24,523	26,775	28,023
DD	8,877	9,465	9,376	9,435
HRM	103,660	185,247	190,222	212,761
DS&SS	73,362	78,775	81,119	52,706
HA	66,342	41,563	63,007	60,235
Unallocated				(14,839)
Operations	2,701,000	2,814,400	2,913,457	2,932,790
Federal	1,591,000	2,170,400	728,364	733,198
Trust	1,110,000	644,000	2,185,093	2,199,592
Headquarters Administration	0	0	0	0
Operation and Maintenance, Metropolitan Washington Airports	35,792	35,400	37,240	37,240
Construction, Metropolitan Washington Airports	10,500	12,000	12,000	18,300
Grants-in-Aid for Airports, (Contract Authority)	987,000	1,017,000	1,017,200	1,017,200
Liquidating Cash Appropriation	810,000	693,000		863,000
Facilities and Equipment	1,356,000	1,059,000	1,059,000	1,160,000
Research, Engineering and Development	265,000	190,000	190,000	168,000
Aviation Insurance Revolving Fund	0	0	0	0
Aircraft Purchase Loan Guarantee Program	0	0	0	0
TOTAL BUDGET AUTHORITY	5,357,433	5,127,000	5,228,897	5,339,530
(Federal)	1,637,433	1,217,000	777,604	788,738
(Trust)	3,720,000	3,910,000	4,451,293	4,548,792
(Liquidating Cash Appropriations)	(810,000)	(693,000)	(0)	(863,000)
(Proprietary Receipts)	(56,780)	(62,017)	(62,017)	(67,017)

FAA REQUEST TO SECRETARY

DEPARTMENT OF TRANSPORTATION
FEDERAL AVIATION ADMINISTRATION
RESOURCE SUMMARY-FINANCING (BUDGET AUTHORITY)
($ in thousands)

	BUDGET AUTHORITY			
			1987	
	1985	1986	Base Level	Request Level
AT	1,161,186	1,183,369	1,272,224	1,293,185
SM	747,018	757,572	815,911	818,919
I&M	186,117	170,651	224,073	225,256
AS-R	133,920	136,545	149,954	147,399
AS-C	38,537	39,059	43,094	43,512
AS-A	62,563	61,186	45,826	49,617
ASF	5,012	7,707	7,932	8,931
CAS	14,567	13,292	34,791	38,004
AM	10,402	11,235	12,477	14,500
AP	26,728	26,523	27,134	30,929
DD	8,877	9,465	9,629	9,701
HRM	183,468	178,949	189,521	216,632
DS&SB	74,362	79,975	92,774	94,694
HA	44,343	41,562	44,662	46,975
Operations	2,699,000	2,744,000	2,978,986	3,060,548
Federal	1,589,000	2,100,000	744,747	765,137
Trust	1,110,000	644,000	2,234,240	2,295,411
Headquarters Administration	0	0	0	0
Operation and Maintenance, Metropolitan Washington Airports	35,732	35,400	37,324	37,922
Construction, Metropolitan Washington Airports	10,500	12,800	13,900	47,730
Grants-in-Aid for Airports, (Contract Authority) (Trust)	987,000	1,017,000	1,017,200	1,017,200
Liquidating Cash Appropriation	810,000	693,000	882,000	982,000
Facilities and Equipment (Trust)	1,358,000	1,059,000	1,059,000	1,405,000
Research, Engineering and Development (Trust)	265,000	190,000	205,125	203,000
Aviation Insurance Revolving Fund	0	0	0	0
Aircraft Purchase Loan Guarantee Program	0	0	0	0
A-76 Reductions				(1,000)
TOTAL BUDGET AUTHORITY	5,355,432	5,057,400	5,311,735	5,770,400
(Federal)	1,635,432	2,147,400	796,171	849,789
(Trust)	3,720,000	2,910,000	4,515,565	4,920,611
(Liquidating Cash Appropriations)	(810,000)	(693,000)	(882,000)	(982,000)
(Proprietary Receipts)	(54,900)	(59,500)	(59,030)	(63,000)

Mr. Mineta. That report indicates that for F&E for fiscal year 1987, the FAA had requested $1.4 billion. That, I believe, also is the authorized amount under our legislation. Now, the request that came back in the President's budget was substantially less; namely $825 million. I would assume that it was FAA's judgment that $1.4 billion was the amount needed to keep the national airway systems plan on schedule.

Did DOT and OMB tell you that they disagreed with your plans for specific F&E projects, or did DOT and OMB tell you that you were going to have to take a cut in your overall budget and that they would leave it to you, the FAA, to workout the way to take this cut with the least impact on safety?

Mr. Jones. It is a little bit of all of that, Mr. Chairman. Certainly the FAA met with and conferred with the Office of the Secretary and OMB and, together, we arrived at the figure of $825 million which we feel, in the FAA, is satisfactory for the purposes of maintaining the safety of the system.

Mr. Mineta. Considering your budget request of $1.4 billion and the President's budget of $825 million, which projects could have been funded under your proposal that will not now be funded under the President's budget?

Mr. Jones. Mr. Frisbie, could you respond to that, please?

Mr. Frisbie. Yes, Mr. Chairman.

There is rather a long list of projects, but those projects do not fall into the categories that we talked about before. By the arrangement of the projects that we have in the fiscal year 1987 budget and using the dollar figures that are available to us, we feel that we will maintain the momentum that we have already built up in the system.

There are a number of projects in which we will take a reduction in the dollar amount. In all those categories, we don't believe that those affect safety or that they affect the major thrust of the NAS plan. We are looking at a degree of freedom which we have not used before, and that is that if a program is to be delayed for funding, we would then look at removing selectively certain other projects from what we call full funding to generate money to move those projects forward.

So, through the use of that degree of freedom and by being very selective in the programs that we have included, we feel that we will meet the major thrust of what the NAS plan is all about.

Mr. Mineta. Mr. Frisbie, could you submit that list for the record?

Mr. Frisbie. Yes, Mr. Chairman.

[The following was received from Mr. Frisbie:]

	Millions
Authorization level request	$1,164.0
Adjustments:	
Radar microwave link	−33.4
Host computer (spare parts)	−39.8
Weather radar (nexrad)	−5.5
Advanced automation system	−20.0
Weather communications processor	−15.0
Communications facility, consolidation	−3.0
Replace airport surveillance radar (ASR-4/5/6)	−37.2
Establish airport surveillance radar	−27.2

	Millions
Terminal Doppler weather radar	−54.5
Remote maintenance monitor system	−25.2
Modernize air traffic control towers	−27.0
Flight service station modernization	−13.4
Direction finder	−13.5
Microwave landing systems/approach lights systems	−47.2
Provide/improve MALSR	−6.3
National radio communications system	−10.0
Aircraft avionics	−7.0
Miscellaneous adjustments (12 projects)	−10.9
Central weather processor	+6.6
Traffic management system	+19.5
Sustain New York Tracon	+15.0
Major leases/rents	+16.0
Subtotal adjustments	−339.0
President's budget request	825.0
Initial budget request	1,405.0
Adjustments:	
Long range radar	−25.0
Advanced automation system	−250.1
NADIN II	−14.8
Replace air traffic control towers	−8.3
Direction finder	−5.0
Establish VOR/DME	−60.1
Modernize unmanned building/equipment	−17.2
Modernize airport cable	−16.2
Improve power systems	−7.9
Test equipment	−5.0
Miscellaneous adjustments (5 projects)	−1.5
Terminal Doppler weather radar	+120.0
Host computer	+50.1
Subtotal adjustments	−241.0
Authorization level request	1,164.0

Mr. MINETA. Also, what happens in terms of the two-for-one penalty between capital development and operations and how is the FAA going to adjust for that?

Mr. JONES. Well, that is a matter, of course, Mr. Chairman, that the administration and this subcommittee's chairman have been at odds about. We believe that 85 percent of the FAA's total budget should be funded by the users, and removal of the penalty would permit that level of funding. The deferral of interest pays back general taxpayers for prior years.

Mr. MINETA. Well, as I recall, though, your operational budget is $2.8 billion, and in this submission you are expecting, for fiscal year 1987, $2.1 billion to come out of the trust fund, whereas I think in fiscal year 1986, as I recall the figure, $477 million or something of that nature was all that came out of the trust fund for operations. I don't think you can get anyone on this committee to agree to that kind of dip into the trust fund for operations.

Right now we are already supporting about 75 percent of the total FAA budget but to take that kind of additional hit, I don't think you will find any support. I am the one who put in that two-for-one penalty provision in 1982, and in the call for this meeting, I am suggesting there may be some way, I am willing to backoff the two-for-one penalty. But $2.1 billion out of $2.8 billion? Give me a break! I know the difference between an upset and a setup. [Laughter.]

Mr. Frisbie, let me ask, could you give us some of the highlights off that list you just were referring to?

Mr. **Frisbie**. Yes, Mr. Chairman.

This is the reduction from the authorized level of $1.164 billion to the President's budget request of $825 million. I think the largest single item on there is the reduction in the program to replace and expand radar microwave links or radio communications links, for which we have a contract that allows us, Mr. Chairman, to adjust the numbers that are included in each fiscal year such that we would not lose that contract, and we would be able to adjust those orders at a rate that we can install those. So that is a degree of freedom that is available to us and typical of the kinds of degrees of freedom that we are trying to use in making these adjustments.

The host computer contract allowed us to buy the spare parts in several fiscal years. We have deferred buying those spare parts in fiscal year 1987. That does not present a problem to us because the computers will not yet be in service, and we have a maintenance coverage which will also be provided by that contract.

The advanced automation project in F&E can be reduced since an acquisition contract will not be awarded in fiscal year 1987 as planned and we are extending the R&D portion of that project as we discussed earlier, Mr. Chairman, so that does not represent a delay in that project. Those are some examples, Mr. Chairman.

Mr. **Mineta**. Just out of curiosity, the first item you mentioned dollar-wise would be about how much?

Mr. **Frisbie**. About $33 million, Mr. Chairman.

Mr. **Mineta**. The list would be how many items, would you guess? Thirty?

Mr. **Frisbie**. Twenty-five.

Mr. **Mineta**. Twenty-five items?

Mr. **Frisbie**. Yes, sir.

Mr. **Mineta**. And then the second item you just mentioned would be roughly about how much?

Mr. **Frisbie**. About $40 million.

Mr. **Mineta**. You mentioned $1.164 billion. Did I hear correctly when you mentioned originally that that was what your base figure in terms of your cuts would be?

Mr. **Frisbie**. Mr. Chairman, I thought you asked the question of the reduction from the authorized——

Mr. **Mineta**. From the $1.4 billion FAA requested.

Mr. **Frisbie**. Well, sir, I have both lists, but the list I just read from was the reduction from the fiscal year 1987 authorization level of $1.164 billion to the $825 million level. There is an additional list, if we go from——

Mr. **Mineta**. Did I not see that correctly, that FAA had asked originally for $1.4 billion?

Mr. **Frisbie**. Yes, sir.

Mr. **Mineta**. And so that is why I am wondering about——

Mr. **Frisbie**. We have two bases and I have two lists, Mr. Chairman, and I was reading from the list that takes us from the authorized level to the $825 million level, and I have another list that takes us from the $1.4 billion level to the $1.164 billion level.

Mr. **Mineta.** If you would go ahead and submit both lists, I would appreciate it.

Mr. **Frisbie.** Yes, sir.

[The following was received from Mr. Frisbie:]

	Million
Initial budget request	$1,405.0
Adjustments:	
Long range radar	-25.0
Advanced automation system	-250.1
NADIN II	-14.8
Replace air traffic control towers	-8.3
Direction finder	-5.0
Establish VOR/DME	-60.1
Modernize unmanned building/equipment	-17.2
Modernize airport cable	-16.2
Improve power systems	-7.9
Test equipment	-5.0
Miscellaneous adjustments (5 projects)	-1.5
Terminal Doppler weather radar	+120.0
Host computer	+50.1
Subtotal adjustments	-241.0
Authorization level request	1,164.0
Adjustments:	
Radar microwave link	-33.4
Host computer (spare parts)	-39.8
Weather radar (nexrad)	-5.5
Advanced automation system	-20.0
Weather communications processor	-15.0
Communications facility consolidation	-3.0
Replace airport surveillance radar (ASR-4/5/6)	-37.2
Establish airport surveillance radar	-27.2
Terminal Doppler weather radar	-54.5
Remote maintenance monitor system	-25.2
Modernize air traffic control towers	-27.0
Flight service station modernization	-13.4
Direction finder	-13.5
Microwave landing systems/approach lights systems	-47.2
Provide/improve MALSR	-6.3
National radio communications system	-10.0
Aircraft avionics	-7.0
Miscellaneous adjustments (12 projects)	-10.9
Central weather processor	+6.6
Traffic management system	+19.5
Sustain New York Tracon	+15.0
Major leases/rents	+16.0
Subtotal adjustments	-339.0
President's budget request	825.0

Mr. **Mineta.** I am wondering, in your answer, whether or not you are suggesting that you are going off of advanced funding, then.

Mr. **Frisbie.** What I have said, Mr. Chairman, is that we are looking at that degree of freedom and would expect to employ that degree of freedom where a project was ready to move and could not move for lack of funding. In that case, then, we would use that degree of freedom, which allows us to take about 40 percent of the money that we would normally ask for in a project and to apply that to the direct contract for upfront equipment.

Mr. MINETA. For the AIP Program, you are asking for $712 million for fiscal year 1987 as against an authorized level of $1.02 billion. For the record, could you tell us what budget request FAA made to the Department of Transportation for the Airport Improvement Program and what the budget request that was made from the Department of Transportation to OMB was?

Mr. JONES. Mr. Chairman, I don't have those figures here with me. Would it be all right if I submit that for the record?

Mr. MINETA. Fine.

[The following was received from Mr. Jones:]

The FAA's FY 1987 Budget submitted to the Department of Transportation requested $1.02 billion obligational authority for the Grants-in-Aid for Airports Program. The Budget Request to OMB included $900 million obligational authority for that program.

Mr. MINETA. Thank you very much.

Mr. Hammerschmidt.

Mr. HAMMERSCHMIDT. Thank you, Mr. Chairman.

Mr. Chairman, you asked some of the broader questions. I want to get more specific.

Mr. Jones, can you tell the subcommittee whether or not the schedule for the installation of microwave landing systems has been altered because of the efforts to reduce the deficit?

Mr. JONES. Let me ask Mr. Frisbie to respond, please.

Mr. HAMMERSCHMIDT. Mr. Frisbie.

Mr. FRISBIE. Mr. Chairman, the answer to that is no. We have had a delay in the MLS installation dates, and that traces back to a difficulty that our contractor is having with the deliveries, and that will delay that project for about 9 months. But we don't see a fiscal constraint to moving forward with that program.

Mr. HAMMERSCHMIDT. Do you plan to continue contracting out air traffic control services at low-activity towers to the private sector under the FAA's Contract Tower Program?

Mr. JONES. I will ask Mr. Luffsey to respond, sir.

Mr. LUFFSEY. Sir, our current plan says we plan to continue to contract out air traffic control services at low-activity towers. However, we are reanalyzing our plans because we are finding that the cost for liability insurance, and some other costs makes some of those contracts exceed the benefit. So we are looking very carefully at that, and we will probably adjust the program as a result of it.

Mr. HAMMERSCHMIDT. It is our understanding that there is a hiring freeze for air traffic control maintenance personnel. How does the FAA intend to fill vacancies that occur within a facility when positions open up through attrition or retirement?

Mr. FRISBIE. Mr. Hammerschmidt, in those cases where there is a critical shortage, the Administrator has authorized the regional director that is affected to go ahead and hire on a selective basis.

But I think a more general answer to your question has to do with the way that we are attempting to manage our overall maintenance workforce, and that is that we have a number of degrees of freedom that are available to us because of the redundancy that is built into the equipment and because the equipment is monitored electronically to preclude its operating unsafely.

Given those degrees of freedom, we can put our systems maintenance people on reduced hours—that is to say, put them on administrative workweek rather than have them stand watch at all facilities—and we can draw them back into work centers such that they are physically farther from the equipment that they maintain. We do that, also, because of the fact that we have remoted back to those locations some of the maintenance parameters that were formerly done in the field.

So we have a scheduled drawdown in the systems maintenance work force. The challenge that we have, Mr. Chairman, is that that work force is getting older, and that if we don't, over time, start to replenish that work force, then we can get into some very critical problems.

Mr. **Hammerschmidt**. Within that framework of options that you just mentioned, it is our understanding that the FAA has proposed a pilot program to hire approximately 500 full-time private-sector air traffic control maintenance personnel. Is that correct?

Mr. **Frisbie**. Mr. Chairman, technically, that is not correct because a proposal has not yet been made. There are discussions within the Department of Transportation with the FAA for such a program.

What we have done so far is that we have prepared a statement of work which would go along the lines that you describe. That statement of work will very shortly be submitted to the Secretary of Transportation for her consideration. Should she elect to go forward with that project, then we would solicit bids from the private sector, but also, we would have what is called a silent bid from the Government, and only in the event that that silent bid was more expensive than doing it in the private sector would we even go forward with that pilot program. So we have a number of steps to go through, Mr. Hammerschmidt, before we get to that point.

Mr. **Hammerschmidt**. Well, should the Secretary decide to go forward with that recommendation, would there be an increased cost in the fiscal year 1987 budget, according to your estimates?

Mr. **Frisbie**. Yes, sir; there would be a small increase in cost associated with the upfront solicitation, yes.

Mr. **Hammerschmidt**. Do you know about what that figure might be?

Mr. **Frisbie**. I believe that $10 million has been mentioned, Mr. Hammerschmidt, but I think that is just an estimate.

Mr. **Hammerschmidt**. All right. We had heard a figure of $17 million. If you would supply whatever figure is correct for the record, we would appreciate it.

Mr. **Frisbie**. Yes, sir, certainly.

[The following was received from Mr. Frisbie:]

First year start-up costs of $17.6m are required to cover an overlap period during which the contractor would recruit and train his work force; to cover relocation costs for the FAA employees choosing to remain with the FAA; and for contract administration.

Our FY 1987 budget contains $10.0m for first year start-up costs.

Mr. **Hammerschmidt**. If such a program were implemented, do you anticipate that the $10 million or the $17 million would be recouped through savings as a result of contracting out to private companies for air traffic control maintenance?

Mr. **Frisbie.** Mr. Hammerschmidt, I don't have an answer to that because part of the process that we are going through is really to seek that answer. As I indicated before, the Secretary would not intend to go forward with the program unless there were economies to be realized.

Mr. **Hammerschmidt.** Mr. Chairman, I think Mr. Anderson has a pressing appointment, and I am going to forgo any further questions if I might. I will submit further questions for the record.

Mr. **Frisbie.** Yes, sir.

[The questions submitted by Mr. Hammerschmidt and responses received from FAA follow:]

U.S. Department of Transportation,
Federal Aviation Administration,
Washington, DC, June 6, 1986.

Hon. John Paul Hammerschmidt,
Subcommittee on Aviation,
House of Representatives,
Washington, DC.

Dear Mr. Hammerschmidt: This is in response to your letter dated April 16 requesting the Federal Aviation Administration's response to questions from the Subcommittee hearing on the President's FY 1987 Budget.

I am pleased to enclose the FAA's reply to those questions.

Sincerely,

Richard H. Jones,
Deputy Administrator.

Enclosure.

1. Given the increasing levels of air traffic and the continuing shortage of air traffic controllers, there appears to be a heightening sense of concern among many people about mid-air collisions. I realize that the ground-based system is the primary means of avoiding collisions, but it seems that it is a good idea to have a backup available in the cockpit as well. Therefore, I would like to know what funding levels you project for FY 1986 and 1987 for the Traffic Alert and Collision Avoidance System (TCAS) and what this means for the installation of the various TCAS systems? I am concerned that under Gramm-Rudman budget cuts the FAA will not be able to bring current development efforts of TCAS to a successful conclusion. Is this true? If not, what is the current schedule and how does it differ from the one in effect prior to budget cuts?

Answer. The funding levels for FY 1986 and 1987 are: $9,489,000 (1986) and $4,331,000 (1987).

We do not anticipate an impact on current TCAS projects assuming FY 1987 and FY 1988 funding remains the same.

The current schedule for completion of TCAS development efforts are:

TCAS I—Engineering Data for Radio Technical Commission for Aeronautics' Minimum Operational Performance Standards (MOPS) (8/86).

TCAS II—Complete Piedmont Phase II Flight Evaluation (1/87).

Complete Limited Installation Program (4/88).

TCAS III—Complete Engineering Model Test and Evaluation (12/86).

Engineering Data for RTCA MOPS (4/87).

We estimate 3 to 5 years for the installation of TCAS I/II/III.

2. The Universal Flight Systems Corporation claims to have developed a system that would warn pilots of possible mechanical problems and help prevent accidents. I understand that Administrator Engen has agreed to review the initial FAA decision not to fund this RE&D effort. Has the FAA taken a close look at this system? Does it appear to be something worth pursuing? If not, why not? I understand that the initial consolidated proposal for the Universal Flight Management System was turned down because it was deemed outside the mission of the FAA research, engineering, and development program. How was the determination made in this case? Is there latitude within the statutory authority of the FAA to fund development of such a monitoring system?

Answer. The FAA has reviewed its decision not to fund an unsolicited proposal by Universal Flight Systems Corporation ("Universal") for the development of a system which would warn pilots of possible mechanical problems with aircraft flight systems. It is our understanding that Universal originally sought funding from private sector aerospace companies but was not successful.

The FAA is responsible for establishing minimum standards for the design, materials, workmanship, construction and performance of aircraft, aircraft engines, propellers and appliances as required in the interest of safety. This responsibility does not include the actual development of equipment to be used in meeting those requirements. Instead, the FAA publishes objective standards and criteria which private applicants must meet before their products can be approved for use in civil aircraft. In other words, FAA specifies the performance "floor" of industry developed aviation technologies, but does not participate in the commercial development of civil aviation products.

3. As a result of budget reductions, has it or will it be necessary to close or operate some flight service stations (FSS) on only a part-time basis? If so, which ones have or will be part-timed? How does FAA determine whether or not to part-time an FSS? Users have complained about telephone access. What is FAA doing to alleviate access delays? Hasn't part-timing contributed to these delays?

Answer. It has been necessary to part-time or close 20 FSS's on an emergency basis since December. Based on current information, we anticipate it will be necessary to take similar action at additional sites in the near future. These actions were the result of critical staffing brought about by retirement, personnel transfers, and/or illness. Because of the existing cost reduction efforts, we are not able to transfer or reassign other personnel to fill these vacancies. A list of the facilities affected is enclosed.

Additionally, we have found it necessary to reduce the hours of operation at 78 FSS's over the past several years, for reasons similar to those indicated above. (This includes the 20 acted upon since December.) Although those facilities affected prior to December were not a result of the current cost reduction effort, we do not expect in general to restore them to full operation because of those limitations. However, regions do make the effort in certain cases, and Pellston, MI, and Dickenson, ND have recently returned to full operation.

Normally, emergency reduction in the hours of operation occurs at the smaller, lower activity FSS's, and we endeavor to limit such reductions to the least productive hours, typically, midnight to morning. Consequently, the impact of such actions has not been detrimental to adjacent facilities. A reduction in hours of operation on an emergency basis is dictated by the conditions at an individual facility. Our regions do not arbitrarily select facilities for such action.

Traditionally, pilot telephone access to existing FSS's becomes a problem only during peak activity periods. We have also experienced some delays in telephone access to our new facilities following the introduction of a computer-driven communications switching system. The problems are similar to those associated with the implementation of any sophisticated automation system, and we believe the problem is symptomatic of the transition period rather than with the overall FSS system.

4. Would you please submit revised schedules, guidance, or policy papers that FAA headquarters has provided to the regions with regard to the FSS modernization and automation program which were triggered by efforts to reduce the budget.

Answer. We are currently reexamining our FSS Implementation Plan for FY 1986 to assess the impact of the ongoing cost reduction program. It is our intent to proceed with the scheduled commissioning of the 13 automated flight service stations. We are, however, taking a hard look at the noncritical FSS consolidations, with an eye toward deferring those activities to a future year. The noncritical FSS consolidations would be those not required to support the transition to the 13 new facilities.

FSS PART TIME/CLOSED FACILITIES

Alaska

Cold Bay, Alaska.
Big Delta, Alaska.
Farewell, Alaska.
Iliamna, Alaska.
McGrath, Alaska.
Talkeetna, Alaska.
Tanana, Alaska.

Central

Burlington, Iowa.
Ottumwa, Iowa.
Chanute, Kansas.

Dodge City, Kansas.
Emporia, Kansas.
Goodland, Kansas.
Hill City, Kansas.
Springfield, Missouri.
Vichy, Missouri.
Chadron, Nebraska.
Sidney, Nebraska.

Eastern
Philipsburg, Pennsylvania.

Great Lakes
Houghton, Michigan.
Jackson, Michigan.
Pellston, Michigan.
Dickenson, North Dakota.
Jamestown, North Dakota.
Watertown, South Dakota.

New England
Huiton, Maine.

N.W. Mountain
Akron, Colorado.
Eagle, Colorado.
La Junta, Colorado.
Idaho Falls, Idaha.
Bozeman, Montana.
Butte, Montana.
Cut Bank, Montana.
Lewistown, Montana.
Livingston, Montana.
Baker, Oregon.
Ephrata, Washington.
Hoquiam, Washington.
Laramie, Wyoming.
Rawlins, Wyoming.
Rock Springs, Wyoming.

Southern
Elizabeth City, North Carolina.
Rocky Mount, North Carolina.
Myrtle Beach, South Carolina.

Southwest
El Dorado, Arizona.
Harrison, Arizona.
Pine Bluff, Arizona.
Lake Charles, Louisiana.
Carlsbad, New Mexico.
Deming, New Mexico.
Las Vegas, New Mexico.
Truth-Cons, New Mexico.
Tucumcari, New Mexico.
Gage, Oklahoma.
Hobart, Oklahoma.
Ponca City, Oklahoma.
Abilene, Texas.
Alice, Texas.
Childress, Texas.
College Station, Texas.
Dalhart, Texas.
Lufkin, Texas.
Mineral Wells, Texas.
Palacios, Texas.
Wichita Falls, Texas.
Wink, Texas.

Western-Pacific

Douglas, Arizona.
Blythe, California.
Crescent City, California.
Daggett, California.
Imperial, California.
Marysville, California.
Montague, California.
Thermal, California.
Ukiah, California.
Ely, Nevada.
Lovelock, Nevada.
Tonopah, Nevada.

Mr. MINETA. I understand Mr. Bosco is also willing to pass at this point. I would like to call on the very distinguished gentleman from California, the former Chairman of this Aviation Subcommittee, Mr. Anderson.

Mr. ANDERSON. Well, I thank all of you for the accommodation. I do have some people waiting in my office, and it is a pretty important group that I want to meet with.

But a few moments ago, our distinguished colleague from Iowa identified himself as a system user, and I thought I ought to do the same thing because I average three trips a month to California from Washington plus occasional trips elsewhere in the country in addition to that, and usually on the flight there is bad weather at one section or the other, and I am always hoping that the air traffic controllers and safety officers are well trained and not too tired and that there are enough of them.

I want to bow to your expert knowledge on this and your responsibility to guarantee a safe system, but I was a little bit worried by some of the things you said here. You were talking about your efforts to achieve necessary reductions, and you said, "Even with these anticipated savings, however, there remains a substantial shortfall in our operations appropriation. To accommodate this, we plan to seek a supplemental appropriation." And then you say, "Without the supplemental, we see no way of avoiding furloughs of our work force."

Of course, I have a responsibility to another subcommittee that has similar problems where we are trying to cut, and I was exploring the possibility of cutting in the early stages of the year and taking care of the problem with a supplemental, and I was advised that this year it is going to be very difficult to get a supplemental through, probably more—I don't say impossible, but tougher than we have had in the past.

I was just wondering what the assurances or what your feeling is to be able to get a supplemental in the way things are tightening up this year to take care of these problems you are covering here, because that would worry me. If the things you say follow and you were not able to get it, it would give me the impression that you probably would be operating with a short system as far as at least safety officers and air traffic controllers and things.

Mr. JONES. Well, Mr. Anderson, let me put you——

Mr. ANDERSON. I think I want to be assured.

Mr. JONES. Yes, sir; well, let me assure you that the system will remain safe, and let me tell you why.

The supplemental that we talk about—and irrespective of the fate of a supplemental appropriations bill—that is a zero-dollar supplemental, and it would not require any further appropriation. So we think we are in good shape on that one. We have some fond hope that we will be able to find the money within the Department of Transportation without coming to the Appropriations Committee for additional funds.

Mr. **Anderson**. When I am up there and the plane is rocking around in bad weather and I know I am heading someplace, I hope your assurances make me feel better than we do have people up there who are covering us at the important spots.

Mr. **Jones**. Well, Mr. Anderson, we have a number of users of the system, a number of pilots. I am one. I flew an FAA airplane last night up to La Guardia and back just to test the situation and see that everything is still OK. I was an airline pilot for 25 years, and let me assure you that we do have a good, safe system.

Mr. **Anderson**. Thank you.

Now, the aviation and highway trust funds are very dear to my heart. As you know, prior to my current position as chairman of the Subcommittee on Surface Transportation, I guided this subcommittee for 5 years.

Now, quite frankly, nothing gets me more upset in my day-to-day work here in the committee than to see trust fund moneys go unspent year after year. Now, these funds were collected by the Government from the user with the understanding, and usually the promise, that they were going to go back into the system. What the Federal Government has done now is, I feel, breaking faith with these users. I feel it is almost a crime to let the aviation trust fund swell to an estimated balance of over $1 billion.

Now, my questions are: Why do these funds go unspent year after year? And what would be your position on legislation to end all aviation user fees until the balance in the trust fund is spent?

Mr. **Jones**. Taking the last question first, Mr. Anderson, I think that the entire fabric of the trust fund and airway and airport taxes is coming up for reconsideration by the Congress. As a matter of fact, the FAA is working on a post-1987 legislative package which we will submit to the Congress in May of this year, and that whole situation will come up for grabs again; in other words, should there be an 8-percent ticket tax? I believe that is part of your question. Or should there be a tax on general aviation fuel, and such questions as those, and they will have a full airing, and the Congress will get an opportunity to revisit that question.

Mr. **Anderson**. And why should there be a billion-dollar surplus in the aviation trust fund?

Mr. **Jones**. Well, I certainly do not disagree with you that there is sort of a trust kind of—trust using the other connotation of the word "trust"—there is a trust. The money is set aside for the use of the users of the system, and I feel confident that the users of the system will get to use the money. I think it will all be spent.

By the time the FAA completes its national airspace system modernization plan, we will spend a lot more money—provided the Congress appropriates it and authorizes it—than is presently in the trust fund.

Mr. ANDERSON. Would you support our efforts in the future to take the aviation trust fund off budget?

Mr. JONES. Personally, I suppose that just about any manager would love to have his own operation and have his own kitty. I am sure that, for example, the Secretary of Defense would love to have——

Mr. ANDERSON. Well, there is a little difference: he doesn't have a trust fund. We have a trust fund, and we have promised the various taxpayers that, yes, this money is going to go in there; it is going to be spent for aviation, or highways, or whatever it is. As one of my colleagues mentioned earlier, we had this vote and came very close to passing it in the House. I think 8 or 10 votes' difference was all we needed. A little bit of effort, I think, on some might have got our trust funds off budget and in the trust fund category, as they should be.

I mean, obviously, I assume the Department of Defense and everybody would love to have their own trust funds, but they do not. But we have a trust fund, and that is what the name implies.

Mr. JONES. That is another matter than can be taken up, Congressman, when this matter comes up very soon for the reauthorization. We are running out of the 5-year appropriation of the last Airways Act, and the post-1987 legislation will be coming up, and that can certainly be considered at that time.

Mr. ANDERSON. Well, don't you think it is a bit deceiving to the public to use these trust fund monies as a way of making the deficit, the debt, look smaller just because we don't spend the money in the aviation trust fund, to make other things look $1 billion less? Don't you think that is a bit deceiving to the people?

Mr. JONES. Congressman Anderson, I am not persuaded that that is the case. However, let me just say that there are many ways to manage a situation like this, and we could debate, I am sure, for a long time as to the best way to do it. You have your view and the Administration has its view.

Mr. ANDERSON. What are your views on my legislation to take the FAA out from under the possible mandatory across-the-board spending cuts of Gramm-Rudman?

Mr. JONES. I would answer you the same way I did before. I think a manager, any manager, of a Government agency would like to have that situation happen. But I think, looking at the broader, the bigger picture, I think we make out better as a people to have one uniform budget and one operation.

Mr. ANDERSON. Well, now, do you agree with last week's GAO report recommendation that air traffic should be reduced to compensate for the lack of experienced controllers? I think that is what they said.

Mr. JONES. I read the GAO report, and there are many things in that report that the FAA agrees with. It tracks some of the findings that we have in our surveys, and the inspections, and investigations that we have made, and there is lots of good information in that GAO report.

The fact is we are already limiting traffic. That is why our flow-control situation is so much better. If you fly across the country as you do, and I know the chairman does, and many others of you do, you may not be aware of it, but the automated flow-control system that we have now really limits traffic the way I think the GAO would suggest that we do, perhaps not in as dramatic a way. But that is why—and again, I am not happy to say this—but that is one of the reasons why there are as many delays as there are. There is a limitation presently on traffic to ensure safety, and that is the reason why we do it.

Mr. Anderson. I thank the chairman and yield back the balance of my time.

Mr. Mineta. Mr. Lightfoot.

Mr. Lightfoot. Thank you, Mr. Chairman.

Mr. Jones, in your testimony, on page 2, you said, "To reduce our operating budget for this year, we have taken a number of administrative actions." Amongst those things you listed freezing of travel except for regulatory and security-related travel and travel associated with the operation and maintenance of the national airspace system.

My wife is the president of our school board, and last night in their meeting at home the superintendent had proposed eliminating 10 teachers, and they closed the doors and went through the budget, and they came up with about a $60,000 savings by cutting out—some of those things they couldn't do without, they decided they could, and retained the 10 teachers and a $60,000 surplus; 2 years ago, on the travel item—and this is more a suggestion than a question, I guess—but there was a function in our part of the country where a couple of members of the FAA came out from Washington for a retirement celebration for an FAA official. Today the round-trip Government air fare is about $272.

Now, these two individuals chartered a B-100—which, for those of you not associated with airplanes, is a turboprop cabin-class aircraft—to make that trip. That airplane probably runs somewhere in the neighborhood of $500 an hour to operate. It just appeared to me at that point in time that we could have saved a lot of taxpayer money if those folks would have jumped on Western, or United, or one of the commercial carriers.

I would hope that, as we go through this budget process, those types of things would be looked at very carefully and areas found where money could be saved.

Back to my opening, I asked that if you have any new evidence which justifies your proposal to terminate the subsidy for the essential air carrier service, anything new that you can offer, now is the opportunity.

Mr. Jones. Mr. Lightfoot, let me say that it gives me great pleasure to tell you that that subject will be addressed later in the hearing. There will be an Assistant Secretary of Transportation to answer that question.

Mr. Lightfoot. All right.

In the area of flight service stations, where do you stand on privatizing the functions within that particular sector, and do you have any studies underwway for doing that? If so, any findings available?

Mr. Jones. We have sort of a massive flight service station automation and consolidation program going on. With regard to privatization of any of those programs, let me ask Walter Luffsey to respond.

Mr. LUFFSEY. Yes, sir; there have been reviews of the concept of privatization—privatization defined as the FAA ceasing to provide the flight service station function and letting the private community itself provide the function instead of FAA. There are variations on the definition of privatization, which is to acquire from the private sector some of the services that are provided by the Government today. Those, too, are being reviewed.

We are now installing what we call our flight service station model 1 automation system. We have a policy which says that we should have appropriate color displays associated with model 1. Some color displays are available from the private sector.

At present we are analyzing the Model 1 Program, plus the color displays, to see what else needs to be done in the automation system. Perhaps Mr. Frisbie would like to add to this because that falls in his area.

More specifically in the operational area, and the mention of consolidations, we are also evaluating whether we will consolidate as rapidly as we had originally planned in light of some of the funding situations and are looking at meeting our objectives in 1986 of the 13 automated flight service stations. We are working in that direction now.

Mr. LIGHTFOOT. Do you think that if you do move toward privatization of the flight service station—and we have gone through the area when people in general aviation depend very heavily on the flight service station. There was a period when I think the service went down somewhat. I have one of those new automated stations in my district, and we are quite proud of it, and I think they do a very fine job.

Do you feel that a loss of control—maybe that is not the proper word to use, but if you get private people in who are not directly tied with the FAA—that you are going to lose anything or gain anything in that particular area?

Mr. LUFFSEY. As far as loss or gain, I have not personally evaluated that concept at all. I do know that the study considered the safety disbenefits of external provision of the functions that we provide. For instance, there are some DOD functions we provide with the flight service station.

Mr. LIGHTFOOT. Right.

Mr. LUFFSEY. There are direction finding, steering, those kinds of things that we do in the flight service station function.

I, too, as a general aviation user, use the flight service station function regularly. There are problems in accessing the flight service station function but not in all cases. Since you have one in your district of the new type, you know the service is much better than it used to be with this new system. As soon as we have the model 1 with the appropriate switching systems working, I think we are going to find much better overall service to the user.

Mr. HAMMERSCHMIDT. Will the gentleman yield?

Mr. LIGHTFOOT. Yes, I will be glad to.

Mr. HAMMERSCHMIDT. I just want to make a comment at this point, for whatever it is worth. We hear a lot of fussing about the service being delivered by flight service stations to the general aviation community, and from the people that represent them here. This isn't the time to belabor that issue, but at some point the chairman may want to have a hearing on that specific issue. We are sort of frustrated and concerned, and I think that we ought to let you know our feelings.

Thank you.

Mr. Lightfoot. I might carry that just one point further. As we have seen a station come on line for 3 months or 4 months and as the people get accustomed to the equipment that is available, the service has improved rather dramatically.

Of course, one of the big hangups which Mr. Hammerschmidt referred to, and I am sure you are aware of it—is when you get a day when the minimums are down and you try to get in and get a briefing. I have been on hold as high as 40 minutes under the old system, and at least now you can use the 800 number, access the computer, and it is a lot better. Anything new has got bugs in it, I guess.

A final question: The 4.3-percent Gramm-Rudman cut in the Airport Improvement Program, we have been told, is not being spread evenly through the various fund categories, and in fact we have a chart here that shows that discretionary funds will be cut 17.6 percent; noise abatement, 4.3; entitlement funds, 0.6; funds for airports in Alaska will not be cut at all.

Is that correct, and if it is, could you explain how you came up with the varying percentages throughout these various categories?

Mr. Jones. Let me ask Bob Donahue, the Associate Administrator for Airports, to respond, Mr. Lightfoot.

Mr. Donahue. That report, Mr. Lightfoot, is erroneous in that any reduction in the AIP appropriation level for 1986 will be applied 4.3 percent across the board in all categories of funding from primary airports and commercial service airports, the reliever airports, and the general aviation category, as well as noise and planning. So the impact on discretionary funding will only be to the 4.3 percent.

Mr. Lightfoot. Gentlemen, thank you very much, and I yield back the balance of my time.

[Subsequent to the hearing the following was received from Mr. Donahue:]

U.S. Department of Transportation,
Federal Aviation Administration,
Washington, DC, April 2, 1986.

Hon. James Ross Lightfoot,
House of Representatives,
Washington, DC.

Dear Mr. Lightfoot: Please allow me to expand on the remarks I made before the Aviation Subcommittee on March 12.

I stated, in answer to your question, that a 4.3 percent reduction was made across the board in the Airport Improvement Program (AIP) as a result of the Gramm-Rudman-Hollings (GRH) Balanced Budget and Emergency Deficit Control Act. Based upon Departmental guidance, it was determined that the reduction should apply to the overall obligational level established for the AIP for fiscal year 1986 under the provisions of the current Continuing Resolution (P.L. 99-190, December 19, 1985). Thus, the total AIP obligational level was reduced 4.3 percent from $925.0 million to $885.2 million.

After implementing this 4.3 percent GRH reduction, overall, the individual airport funding categories are impacted in varying degrees because of the application of legislative formulae specified in the Airport and Airway Improvement Act. These formulae establish the legislative maxima and/or minima for the various funding categories and their application under a 4.3 percent overall reduction results in impacts on individual funding categories ranging from zero percent to 17.6 percent.

Following is a comparison of fiscal year 1986 amounts, before and after GRH, as approved for various categories identified in AIP legislation.

[Dollars in millions]

	Prior to GRH	After GRH	Percent reduction
Annual level	$925.0	$885.2	−4.3
Entitlements:			
Primary airports	[1] 445.0	[2] 442.6	−.5
States/insular areas	111.0	106.2	−4.3
Alaska (grandfathered)	12.9	[3] 12.9	
Discretionary:			
Commercial service	50.9	48.7	−4.3
Reliever	92.5	88.5	−4.3
Noise compatibility	74.0	70.8	−4.3
System planning	9.3	8.9	−4.3
Other discretionary	129.4	[4] 106.6	−17.6

[1] Allowable legislative maximum equals $462.5M (50 percent of total $925.0M). However, application of the full formula for emplanements amounted to less than the maximum. The $27.5M difference between a maximum $462.5M and full formula $445.0M is applied to the "other" discretionary account.

[2] $442.6M is 50 percent of $885.2M.

[3] $12.9 million is available to Alaska under a grandfather clause which guarantees certain airports in Alaska an amount at least equal to the amount available to them in FY 1980. This amount is keyed to the 1980 level and is not subject to reduction.

[4] The large reduction of 17.6 percent for Other Discretionary is due to the "extra" $27.5M discretionary created (see note 1 above) when the full formula primary airport entitlement distribution is less than the maximum allowed under the pre-GRH level of $925.0M This "extra" is eliminated plus the base discretionary amount (amount that would have been available if the "extra" was not added) is reduced by 4.3 percent resulting in a total 17.6 percent reduction under the GRH level.

I hope this amplification of my answer is helpful, and I would be very willing to meet with you at your convenience on this matter.

Sincerely,

QUENTIN S. TAYLOR

(For Robert L. Donahue, Associate Administrator for Airports).

Mr. MINETA. Mr. Bosco? Thank you for your patience.

Mr. BOSCO. Thank you, Mr. Chairman.

Mr. Jones, I have heard that cutbacks in the staffing for the Airport Improvement Program have resulted in delays and, in some cases, the inability to process applications on the part of the localities. Is that true?

Mr. JONES. Not to my knowledge, Mr. Bosco. If you could provide me with places and dates, I will certainly look into it and get back to you for the record.

Mr. BOSCO. Are you planning disproportionate cutbacks in the staffing of the Airport Improvement Program?

Mr. JONES. We have no particular in-concrete plan at this time. We are looking at many different possibilities.

Mr. BOSCO. If it were necessary to cut the staffing of the program, would you consider the possibility of simply giving block grants to the States so that there is not, in effect, a bottleneck here in Washington?

Mr. JONES. There is quite a bit of study going on, on that point, Mr. Bosco.

Mr. BOSCO. Would that be one viable way of getting past the administrative problems that we might have here if we had to cut back?

Mr. JONES. It is one of a number of possibilities that are being studied at this time.

Mr. BOSCO. How long will these studies take? I mean, when will you be ready to tell us what game plan you are going to use?

Mr. Jones. It seems to me that for uniformity and keeping everything on the same reservation, it would be a good idea to include that within the post-1987 legislation and perhaps have it as a part of the new legislation for the airports and airways funding beginning in 1988.

Mr. Bosco. But if you were to begin staffing cuts now that would affect the Airport Improvement Program and thus delay grant applications, wouldn't it be better to come up with a proposal in the more near term than 1988?

Mr. Jones. If it appears that that would be one of the fallouts of some sort of a revamping of our personnel situation, we would certainly have to look at it quicker, that is correct.

Mr. Bosco. Do you keep figures on the average amount of time it takes you to process an application?

Mr. Jones. Yes; we do.

Mr. Bosco. And you are finding from those figures that there isn't any appreciable change in that amount of time?

Mr. Jones. Mr. Bosco, it has not been brought to my attention that there has been any significant change over the past months.

Mr. Bosco. Thank you very much.

Thank you, Mr. Chairman.

Mr. Mineta. Mr. Shaw.

Mr. Shaw. No questions, Mr. Chairman.

Mr. Mineta. Mr. Oberstar.

Mr. Oberstar. Thank you, Mr. Chairman.

I just came here to listen and to learn. I want to commend you for holding these hearings. Though not a member of the subcommittee, I maintain a very keen interest in aviation.

I want to register my great disappointment that the Airport Improvement Program has fallen nearly half a billion dollars behind the authorization level; that the administration in its proposed fiscal year 1987 budget plans to raid the trust fund for an additional billion dollars. I think that is breaking faith with the consumers of air travel, who have agreed to be taxed for a specific purpose. I think this is a little bit of budget legerdemain that should be stopped, and I think it will be stopped when the House Budget Committee takes action on the fiscal year 1987 budget.

Finally, I want to express my very deep disappointment at the administration's budget that cuts back the National Transportation Safety Board. That is one Agency whose reputation is above reproach, whose service is crucial to the safety of transportation in all its modes, whose work has been unimpeachable, and I think that there is one area where we cannot compromise, and that is in safety, both in aviation and with respect to the work of the National Transportation Safety Board.

Congress, in passing the Deregulation Act for aviation, did not deregulate safety, and we must not permit any budget magic that will in any way compromise safety.

Thank you, Mr. Chairman.

Mr. Mineta. Thank you, Chairman Oberstar, and thank you for your work in the Investigations and Oversight Subcommittee.

Congressman Sunia.

Mr. Sunia. Thank you, Mr. Chairman.

I would like the record to show, following the comments of our colleague from California, that I fly more miles than anybody else in this Congress, with the exception of Ben Blaz of Guam. [Laughter.]

And if, therefore, a man is concerned about safety every minute he sits on an airplane, then I must hold the record for being concerned about safety, far more than our friend from California.

Mr. Chairman, you are aware, of course, that about a month ago, or back in January, I raised the question on two-engine planes flying over long distances. As you will recall, I received a letter from Admiral Engen himself which seemed to satisfy me, but not completely.

I would like to ask this question: How do we go about testing the capability of foreign airports to receive our flights? In this particular case, this company, this airline, flying out of Honolulu, was requesting permission to fly into Kiribati, which as you know is about 1,300 miles out of Honolulu. I understand that the requirement is that the flight be no more than 60 minutes from an acceptable airport or an adequate airport.

Now, I don't know what the true definition of adequate airport is, but I do know that Kiribati may be capable to take the 737, but only has a very small hospital, no navy, no coast guard, maybe one small fire truck. I am a bit concerned because Kiribati is only a step away—that is, a Pacific Ocean step—from my territory.

Initially, the announcement was that this particular company was planning to fly to American Samoa. This stop in Kiribati is only a stop on the way there. Again, I would like to know what tests we execute to determine whether such airports are capable of taking these flights from us.

Mr. JONES. Mr. Congressman, I don't have those facts with me here, those figures. Let me, if it is all right, supply that for the record.

Mr. SUNIA. I would appreciate that very much.

Mr. JONES. A pleasure.

[The following was received from Mr. Jones:]

Enclosed is Appendix 3 of Advisory Circular 120-42, which describes in detail the requirements for "suitable en route alternate airports." In addition, it should be noted that Paragraph 1064(d) of Section 4 of FAA Handbook 8430.6C calls for a physical inspection by FAA inspectors of a designated alternate airport every three years.

APPENDIX 3. SUITABLE EN ROUTE ALTERNATE AIRPORTS

1. *General.* a. One of the distinguishing features of two-engine extended range operations is the concept of a *suitable* en route alternate airport being available to which an aircraft can divert after a single failure or failure combinations which require a diversion. Whereas most two-engined airplanes operate in an environment where there is usually a choice of diversion airports available, the extended range airplane may have only one alternate within a range dictated by the endurance of a particular airframe system (e.g., cargo fire suppressant), or by the approved maximum diversion time for that route.

b. It is, therefore, important that any airport designated as an en route alternate has the capabilities, services, and facilities to safely support that particular airplane, and the weather conditions at the time of arrival provide a high assurance that adequate visual references are available upon arrival at decision height (DH) or minimum descent altitude (MDA), and the surface wind conditions and corresponding runway surface conditions are within acceptable limits to permit the approach and landing to be safely completed with an engine and/or systems inoperative.

2. *Adequate Airport.* As with all other operations, an operator desiring any route approval should show that it is able to satisfactorily conduct scheduled operations between each required airport over that route or route segment. Operators should show that the facilities and services specified in FAR Parts 121.97 through 121.107 for domestic and flag air carriers (FAR Parts 121.113 through 121.127 for supplemental air carriers and commercial operators) are available and adequate for the proposed operation. For the purpose of this advisory circular, in addition to meeting FAR Part 121 requirements, those airports which meet the provisions of FAR Part 139 and those foreign airports which are determined to be equivalent to the provisions of subparts D and E of FAR Part 139 for that particular airplane are considered to be adequate airports.

3. *Suitable Airport.* For an airport to be *suitable* for the purpose of advisory circular, it should have the capabilities, services, and facilities necessary to be designated as an adequate airport and have weather and field conditions at the time of the particular operation which provide a high assurance that an approach and landing can be safely completed with an engine and/or systems inoperative in the event that a diversion to the en route alternate becomes necessary. Due to the natural variability of weather conditions with time as well as the need to determine the suitability of a particular en route airport prior to departure, the en route alternate weather minima for dispatch purposes are generally higher than the weather minima necessary to initiate an instrument approach. This is necessary to assure that the instrument approach can be conducted safely if the flight has to divert to the alternate airport. Additionally, since the visual reference necessary to safely complete an approach and landing is determined, among other things, by the accuracy with which the airplane can be controlled along the approach path by reference to instruments and the accuracy of the ground-based instrument aids, as well as the tasks the pilot is required to accomplish to maneuver the airplane so as to complete the landing, the weather minima for nonprecision approaches are generally higher than for precision approaches.

4. The following Standard En Route Alternate Airport Weather Minima are established for flight planning and dispatch purposes with two-engine airplanes in extended range operations. These weather minima recognize the benefits of ILS/MLS as well as the increased assurance of safely completing an instrument approach at airports which are equipped with ILS/MLS approaches to at least two separate runways. A particular airport may be considered to be a suitable airport for flight planning and dispatch purposes for extended range operations if it meets the criteria of paragraph 3 of this appendix and has one of the following combinations of instrument approach capabilities and en route alternate airport weather minima.

a. A single ILS/MLS: Ceiling of 600 feet and a visibility of 2 statute miles or a ceiling of 400 feet and a visibility of 1 statute mile above the lowest authorized landing minima; whichever is higher.

b. Two or more separate ILS/MLS equipment runways: Ceiling of 400 feet and a visibility of 1½ statute miles or a ceiling of 200 feet and a visibility of 1 statute mile above the lowest authorized landing minima; whichever is higher.

c. Nonprecision approach(es): Ceiling of 800 feet and a visibility of 2 statute miles or a ceiling of 400 feet and a visibility of 1 statute mile above the lowest authorized landing minima; whichever is higher.

5. Lower than Standard En Route Alternate Airport Weather Minima may be considered for approval for certain operators on a case-by-case basis by the Director of Flight Operations at suitably equipped airports for certain airplanes which have the certified capability to safely conduct Category II and/or Category III approach and landing operations after encountering any failure condition in the airframe and/or propulsion systems which would result in a diversion to an en route alternate airport. Subsequent failures during the diversion, which would result in the loss of the capability to safely conduct and complete Category II and/or Category III approach and landing operations, should be shown to be improbable. The certificated capability of the airplane should be evaluated considering the approved maximum diversion time. Although, as of the date of this advisory circular existing airplanes are not certificated to have these capabilities, lower than standard en route alternate weather minima could be considered at suitably equipped airports, in the future if appropriate, for those airplanes which have these approved capabilities considering the established maximum diversion time.

6. The suitability of an en route alternate airport for an airplane which encounters a situation inflight which necessitates a diversion, including the provisions of § 121.565, while en route on an extended range operation is based on a determination that the airport is still suitable for the circumstances, and the weather and

field conditions at that airport will permit an instrument approach to be initiated and a landing completed.

Mr. **Sunia**. Thank you, Mr. Chairman.

Mr. **Mineta**. Thank you, Mr. Sunia.

Mr. Jones, with respect to F&E and the answer I had heard from Mr. Frisbie earlier, if I was hearing him correctly, one way FAA was trying to live with reduced funding is by abandoning full funding and asking for funding only for procurements in the fiscal year. I am wondering, Mr. Frisbie, is that what you are considering by this change?

Mr. **Frisbie**. Yes, Mr. Chairman. I tried to say that very delicately, that if we had a project which would otherwise not be able to move forward, then we would look at doing that selectively; that is correct.

Mr. **Mineta**. Then would you agree with me that, to the extent that you adopt this approach, appropriations in the future will have to be higher than the levels that have previously been estimated?

Mr. **Frisbie**. That is correct, Mr. Chairman. We don't save any money by doing this. We defer what will be subsequent costs into the fiscal year in which they would normally occur.

Mr. **Mineta**. So if we cannot get funding at authorized levels now, why should we expect to be able to get more than the authorized levels in the future? Well, I will go to my next question, then.

Mr. Jones, some witnesses who will testify later believe that the funding level of $712 million for AIP, that FAA will only be able to fund all needed safety projects and will not be able to fund any projects to enhance airport capacity. What is your estimate of the funding needed for the Airport Improvement Program safety projects in fiscal year 1987?

Mr. **Jones**. We are groping with just exactly what that figure is, Mr. Chairman, so I don't have that figure for you at this moment. I would like to provide it for the record.

Mr. **Mineta**. All right.

[The following was received from Mr. Jones:]

In order to achieve in fiscal year 1987 the same level of funding for safety projects that have been maintained over the past years of AIP, FAA estimates that $600 million would be needed to fund required safety needs of the system. Typical types of safety projects include acquisition of crash-fire-rescue equipment, runway grooving at commercial service airports, reconstruction of runway pavement or replacement of failing runway lighting systems, obstruction removal, and lengthening or widening of a runway to meet the minimum standards of the current airport design category.

Mr. **Mineta**. At a staff briefing on the budget a month ago, the Department of Transportation personnel indicated that under the President's budget, staffing in the agency would be reduced from 45,300 in fiscal year 1986 to 44,500 in fiscal year 1987. Do these projections reflect your current intentions?

Mr. **Jones**. I have seen no figures, Mr. Chairman, that would change that. However, if there are any, I will provide them to you.

Mr. **Mineta**. If you would, then, also provide us how those reductions will be made, given the fact that we are talking about additional work force for inspector work force, air traffic controller work force, and security personnel.

pages tightly bound

Mr. **Jones**. I would be happy to.

[The following was received from Mr. Jones:]

OPERATIONS APPROPRIATION STAFFING FULL-TIME PERMANENT POSITIONS

Activity	Fiscal year— 1986	Fiscal year— 1987	Increase/ Decrease
Air traffic centers/towers	19,532	19,732	+200
Air traffic all other	5,598	4,827	−771
System maintenance	10,397	10,038	−359
Installation and materiel	1,491	1,491	....
Aviaiton standards:			
Regulatory	2,588	2,726	+138
Certification	775	775	....
Aircraft	821	821	....
Security	436	436	....
Safety	41	41	....
Medical	225	225	....
Airports	472	472	....
Development direction	138	138	....
Human resource management	1,295	1,295	....
Direction, staff and support	1,005	1,005	....
Headquarters administration	501	507	+6
Total operations	45,315	44,529	−786

Mr. **Mineta**. Now, in your testimony, you indicate that in fiscal year 1987, under the President's budget, that you plan to make increases in aviation inspection and the security work forces. Could you tell us how you contemplate those expansions in terms of scheduling them?

Mr. **Jones**. Let me ask Mr. Broderick to respond, sir.

Mr. **Broderick**. Let me see if I understand the question, Mr. Chairman. It is how do we anticipate accommodating the expansion in 1986 of the security work force?

Mr. **Mineta**. For 1987. I am sorry, the inspection work force and the security workforce. That is right.

Mr. **Broderick**. The security work force in 1987 is the same as it is in 1986. The entire increase was requested and approved in 1986, approximately 200 positions. In 1987, the requested increase of 138 inspectors will be accommodated on a roughly linear basis throughout the year.

So, on the average, we will have about half of those people, and they will be scheduled through training essentially immediately upon hiring, so we hire them in, and within a few weeks they would be programmed into their indoctrination training course, which takes approximately 16 weeks of training.

Mr. **Mineta**. Just using that 138 as an example, how many would you contemplate being air carrier operations inspectors, avionics inspectors, and maintenance inspectors?

Mr. **Broderick**. The 138 roughly breaks down into 62 air carrier inspectors and 76 general aviation inspectors.

Mr. **Mineta**. What about support personnel?

Mr. **Broderick**. There is no plan now to hire any in 1987.

Mr. **Mineta**. But with respect to the 1987 inspector work force, I thought we contemplated adding a total of 200, of which 150 were inspectors and 50 were support personnel.

Mr. **Broderick**. The Secretary's request to the Congress, sir, is 138 inspectors only, split as I have it here.

Mr. **Mineta**. The figure I am using is the figure I was using during discussion of the fiscal year 1986 budget when I was saying that I would like to add 300 this year, the 200 inspectors plus 100 support personnel, and I said at the time that next year I will be asking for 200 more, 150 inspectors and 50 support personnel. So what you are saying is that the Secretary is going ahead with 138 for fiscal year 1987.

Now, reflecting back on the GAO report that I asked for, when I asked how are the inspectors being deployed and what are they doing, that report showed us that some air carriers were getting virtually no inspections; others were getting lots of inspections, and another airline with similar operating hours, was getting very little.

I then asked in a letter to the FAA Administrator Engen why the disparity between airlines and different types of inspectors, and frankly, he came back and he said, "I really don't know."

Well, that answer really disturbed me, so I said to the GAO, "Go back out there," and I know that you know they are going through your records right now. Hopefully, in April, that report will be back and be ready for us.

Now, one of the problems I see is that, at least from our experience in 1983, when the FAA cutback their inspection work force by 25 percent, and in 1984 they decided, no, we've got to rehire that 25 percent so as to get back up to this level of inspectors. They hired all inspectors, no support personnel, and I think—I want you to correct me—but it seems to me what we didn't have onboard were support personnel to do the planning as to how we were going to deploy the inspectors that were hired in 1984. When I asked for the report in 1985, we see this disparity because there is no support personnel to really sort of lay this out as to how many go to air carrier or the part 121 carriers, the part 135's, and within each of those, how many to maintenance, how many to avionics, how many to air carrier operations.

I am wondering whether or not we are going to run into the same thing if you just hire 138 inspectors but no support personnel.

Mr. **Broderick**. Mr. Chairman, let me take that question and answer it in a broad context. What we have done to our budgeting, hiring, and training programs is to start by—effective October 1 of this fiscal year—specifying work program guidelines which mandate across the country a minimum level of inspection for each type of activity in a geographic area, so that there will be no longer the kinds of holes that were detected by the GAO's survey, where there were some carriers where either maintenance or operations or both might have gotten no inspections over a 1-year period. So we start with that basis.

The second thing we have done is, we have completed now a complete job task analysis of every work function that is done by our field safety inspectors. There are somewhere between 200 and 300 work functions. It was done by a professional company under contract to the FAA with the Office of Personnel Management.

We have now taken those jobs and the tasks that are being done, the minimum frequency with which those tasks are being required to be done by us, folding those in with an environmental analysis—that is, how many airplanes, how many pilots, how many airlines, how many repair stations, commuters, air taxis, et cetera—all across the country, all of this is being done.

That is being put together to develop our budget. It was not ready for fiscal years 1986 or 1987 because most of this work is just now being completed. The first budget that we will have that will be completely objectively resource driven—that is, environmentally driven and not by externalities—will be the fiscal year 1988 budget, which we are just beginning to prepare now.

The requirements that we have laid out, as the Secretary announced last September, of 500 inspectors and support personnel over a 3-year period was a bridge, if you will, to get us from where we were in fiscal years 1983 and 1984 to where we are going in fiscal year 1988.

So I think that we completely agree with the thrust of your comments that we had a flaw in the system that we were using not only to allocate our work force but to guide them and specify the minimum activity that they were expected to carryout. I believe that that flaw is well addressed by these programs that we now have.

Mr. MINETA. So it is not decentralized in terms of regional standards, but there is a national standard applied across the board?

Mr. BRODERICK. It is now, sir, yes.

Mr. MINETA. Under the President's fiscal year 1987 budget, will there be cutbacks in the airway system specialists who maintain the air traffic control facilities and equipment?

Mr. JONES. Frank, you may answer that.

Mr. FRISBIE. Mr. Chairman, there will be some reduction in the number of systems maintenance personnel. The number of positions will decline about 360.

Mr. MINETA. Are you contemplating, then, that more of that will be out on contract to the private sector?

Mr. FRISBIE. No, Mr. Chairman. As I indicated previously, we are, through the introduction, through the payoff from the capital investment that we are making in the system and some of the management adjustments I talked about before, we feel that that level of staffing will be adequate to do the job.

The underlying concern is the one I talked about earlier, and that is that this work force is aging, and before too much time goes by, we will have to infuse some additional people into that pipeline or we will have to supplement that staff through some contracting.

Mr. MINETA. How many airway system specialists are there all together?

Mr. FRISBIE. The field maintenance staffing in 1986 is 9,277, and in 1987, 8,918.

Mr. MINETA. I understand that the FAA will initiate procurement of terminal Doppler radar in fiscal year 1987 but will begin by buying only 15 units. What was FAA's initial proposal for buying terminal Doppler units in the executive branch budget process last fall?

Mr. FRISBIE. Mr. Chairman, we think that the overall need is for about 100 units. The reason that we are going forward with the 15 in the 1987 budget is not financially driven, because that is certainly one of the priorities of the Secretary. It is because we can modify an existing contract that the Department of Commerce has to get so-called derivative radars from the en route NEXRAD contract and get those first 15 radars that way.

We are going forward with a competitive solicitation for the additional radars, and that process will not work its way through before the end of fiscal year 1987.

Mr. MINETA. When you say additional radars, you mean the terminal Doppler radars?

Mr. FRISBIE. The additional radars would be the terminal Doppler weather radar.

Mr. MINETA. The terminal radar.

Mr. FRISBIE. Yes, sir; there are two ways we are going to get terminal weather radars. One is by modifying the en route NEXRAD contract to get derivative radars; those are the ones we can get quickly and we can take advantage of an existing contract vehicle. The second way to address the same function is to solicit for a competitive contract for a made-to-order terminal Doppler weather radar, and that process is the process that I indicated that will take us into fiscal year 1988.

Mr. MINETA. What, then, was your original request of DOT, and what was DOT's request of OMB, for terminal radar?

Mr. FRISBIE. I would have to research that, Mr. Chairman, but what I think I am trying to indicate is that, irrespective of the money that would be available, the course that we are on is to get those radars just as quickly as we can, given the requirements for competitive contracting and so forth.

Mr. MINETA. And what about NEXRAD? How many units are you contemplating for fiscal year 1987?

Mr. FRISBIE. For the en route NEXRAD? I don't have that figure, Mr. Chairman, but there is no change to that program. As you may know, it is a joint program between Air Force, Department of Commerce, and FAA, and there is no change to the number of units or to the extent of the FAA participation in that program.

Mr. MINETA. All right. To the extent that there is that kind of multiple agency participation, has there been any change in the proportion of funding for the NEXRAD Program that will be coming from the FAA, NOAA, and the Air Force?

Mr. FRISBIE. I believe the answer to that question is no; Mr. Chairman. I am not aware if there has been.

Mr. MINETA. Because, as I recall, originally it was to be 20 percent from the FAA, 20 percent from the Air Force, and 60 percent from NOAA. But I understand now, at least in looking at the President's budget for this year, that the 60-percent share of NOAA's contribution for NEXRAD is to come out of the Aviation Trust Fund. So that means 60 percent for NOAA's share plus 20 percent of the FAA share comes out of the aviation trust fund. I think that is outrageous. Am I correct?

Mr. FRISBIE. I think, Mr. Chairman, I was answering a narrower question, and Paul Peterson, our budget officer, indicates that you are correct. I was answering the question from the standpoint of an FAA engineering program.

Mr. MINETA. No, I understand that portion, but do you have any explanation as to why that change was made?

Mr. JONES. I have nothing to add at this time, Mr. Congressman. We will supplement the record on that point.

[The following was received from Mr. Jones:]

A Department of Commerce cost-benefit study, "A Report on NEXRAD: National Airspace System Cost/Benefits," which looked only at NEXRAD benefits to aviation users showed substantial benefits accruing to these users through the provisions of severe weather information. As a result, the Administration has decided that the civilian share of NEXRAD acquisition costs should be paid entirely from the Aviation Trust Fund.

Mr. MINETA. It came from OMB, I suppose?

Mr. JONES. We will be happy to——

Mr. MINETA. As Mr. Frisbie says, it was not technically driven; it was fiscally driven. I guess I will answer it for you, Mr. Frisbie.

Mr. FRISBIE. Thank you, Mr. Chairman.

Mr. MINETA. Mr. Frisbie, for fiscal year 1987, in terms of NEXRAD, how many units are you contemplating getting? Do you have that figure?

Mr. FRISBIE. No; Mr. Chairman, I do not have that. The number that I indicated was the terminal derivative NEXRAD.

Mr. MINETA. Right. That is the 15 there.

Mr. FRISBIE. Yes, sir.

Mr. MINETA. But, as I recall, originally we were thinking about 177 en route NEXRAD radar units.

Mr. FRISBIE. I believe that is correct, Mr. Chairman.

Mr. MINETA. Then let me ask this question: Can you explain to us the relationship between the Doppler radar units that will initially be procured for the terminal program and those being procured for the NEXRAD Program? I understand that the terminal program will be, quote, "borrowing", unquote, some of the NEXRAD radars and using them in the terminal environment.

This creates the appearance that the administration is saying they are going ahead full blast on two fronts, but in reality, they are quote, "borrowing from Peter to pay Paul," unquote. Could you lead us through your plans for Doppler radar?

Mr. FRISBIE. Yes; Mr. Chairman. As I tried to indicate before, the first terminal Doppler radars that we can deploy would be taken from the overall quantity of en route NEXRAD's that was to be procured. Those will be the so-called derivative radars that we will modify to apply to the terminal function. Those radars will, in the long run, be refurbished and reinstalled as en route NEXRAD's.

But I think the point still remains that I cannot get built-to-order terminal Doppler weather radars any quicker than going forward with the competitive procurement, and so in terms of slowdown, there is no slowdown in the program. What we are trying to do is to make the maximum use of the assets which will be available through the NEXRAD Program to get us some terminal NEXRAD's quicker than we could get them otherwise.

Mr. **Mineta**. But aren't you robbing from the enroute NEXRAD Program?

Mr. **Frisbie**. We are borrowing from the en route program. Yes, sir.

Mr. **Mineta**. And, as I said, I thought the program was originally 177 NEXRAD radars and 100 terminal radars. Now you say the 100 is going to be down to 15. You are really not sure what the enroute NEXRAD Program is going to be.

Mr. **Frisbie**. Let me come back. We are not going to change the number of radars that we have overall, so we will buy all of the terminal radars that we need. The number is about 100 subject to a site-by-site cost analysis. And there will be all of the en route NEXRAD's, but in the short run, we are taking out of the total complement of NEXRAD radars 15 radars and modifying those to apply to the terminal problem, and those will be the first terminal Doppler weather radars that we get.

Mr. **Mineta**. And when will those then be reconfigured to be then sent to the en route centers?

Mr. **Frisbie**. I will have to give you a quantitative answer for the record, Mr. Chairman, but the answer is that when the competitively procured terminal radars move into the field, they can then replace those derivative radars, and the derivative radars can then be refurbished and put into the en route function.

Mr. **Mineta**. Mr. Shaw?

Mr. **Shaw**. Thank you, Mr. Chairman.

I just came from a Judiciary meeting where Attorney General Meese was testifying, and we were inquiring as to drug testing of Federal employees. What, if any, plans do we have to run these types of tests upon air traffic controllers?

Mr. **Jones**. We have ready to go, Mr. Shaw, a program whereby we would annually take specimens from air traffic controllers as part of their regular annual physical examination.

Mr. **Shaw**. This is going to be compulsory testing, is that correct?

Mr. **Jones**. That is correct.

Mr. **Shaw**. I would certainly compliment you for that. In getting involved in this particular subject, I found that even in railroad safety, the incidence of accidents with some of your major carriers has fallen as much as 75 percent after they start this type of testing, certainly not in any way implying that the drug use is of an epidemic proportion among our air traffic controllers, but it would just take one bad apple, and I am sure, in any industry with as many employees as the FAA has as it does in the air traffic control area, that there are bound to be some slip-ups.

I would hope that you would do it even on a more frequent basis than that, on an irregular basis, so that you can police the situation. We, the flying public, want to be sure that we have alert air traffic controllers at the switch protecting us coming into airports.

Mr. **Jones**. Thank you, sir.

Mr. **Shaw**. Thank you, Mr. Chairman.

Mr. **Mineta**. I guess the reason I wanted to write a letter to you to follow up on Mr. Frisbie's response is because of a characterization of the answer I just got here. It is characterized like this: It is like saying I need to buy a truck and a car, but I am only buying the car but I will call it a truck while I am driving it around. [Laughter.]

In conclusion, Mr. Jones, let me quote briefly from testimony that will follow and how the witnesses characterize our experience to date under the trust fund and the prospects for the future under the President's budget and Gramm-Rudman-Hollings.

Now, these are the comments we received from a wide range of aviation users and interests. The witnesses use a variety of phrases, but the basic conclusion is the same, but I would like to quote from some of their statements: "Patently unfair." That comes from the National Association of Air Traffic Specialists. "Fiscal act of terrorism," from the Professional Airway Systems Specialists; "Further chip away FAA's ability to cope," the National Association of State Aviation Officials; "Short-sighted," the National Business Aircraft Association; "A distressing and intolerable situation," Air Transport Association; "Potential devastating," Regional Airline Association; "A basic breech of faith," Air Line Pilots Association; "Indifferent to safety needs," American Association of Airport Executives; "A bitter disgrace," the Airport Operators Council International; "An unconscionable betrayal," General Aviation Manufacturers Association.

These are not wayout groups making these comments. Ordinarily, we would consider this type of rhetoric to be exaggerated. But I hope you will understand that in this case, I agree with the witnesses and think their comments are fair.

Certainly FAA is not the only party involved in the problem, and responsibility is shared by OMB, the Department of Transportation, and the Congress. But I hope, in the future, that you will do whatever you can to help us and the taxpayers who are supporting this aviation trust fund and the user concept, frankly, to get a fairer deal for aviation. Thank you very much.

Mr. **Jones**. Thank you, sir.

Mr. **Mineta**. Mr. Donahue, I hope Capitol Hill is a little kinder to you than the flat plains of Illinois as you hobble around with your crutch.

Mr. **Donahue**. Thank you for your concern, Mr. Chairman.

Mr. **Mineta**. At this time I would like to call forward a very good friend of ours; a person who is doing a very fine job, as mentioned by the chairman of the Investigations and Oversight Subcommittee, Congressman Oberstar; the person who chairs the National Transportation Safety Board, Hon. Jim Burnett. Mr. Chairman, your statement will be made a part of the record, and so you may go ahead and proceed in your own fashion, and please introduce your colleague.

TESTIMONY OF HON. JIM BURNETT, CHAIRMAN, NATIONAL TRANSPORTATION SAFETY BOARD; ACCOMPANIED BY, PETER KISSINGER, MANAGING DIRECTOR, NATIONAL TRANSPORTATION SAFETY BOARD

Mr. **Burnett**. Mr. Chairman, thank you, and thank you for your very kind remarks about the work that the Safety Board is doing. I will submit my statement for the record, and I will have a very brief summary of it.

To my left is Mr. Peter Kissinger, who is the Safety Board's managing director.

I would like to again thank this committee for your continued support of our mission and our activities. It has been most gratifying to us, and your tenacity in pursuing aviation safety has been a great asset in our common goals in that area.

As you know, the Board's responsibilities encompass all modes of transportation, with resources allocated to the different modes as follows: aviation, 61 percent; railroad, 12 percent; highway, 15 percent; marine, 9 percent; and pipeline, 3 percent.

As a result of the initial Gramm-Rudman-Hollings reductions in fiscal year 1986, the Safety Board suffered a loss of $959,000, or approximately 4 percent of our appropriations. This resulted in cost reductions of equipment, supplies, and materials.

More significantly, we will be required to reduce our employment from 338 to 324. The fiscal year 1987 budget is $89,000 more than the reduced budget for fiscal year 1986.

However, the cost of doing business is going up too. For example, GSA has informed us that our rent will increase $5,000. Telephone charges and other increases from inflation are expected to go up $333,000. Therefore, the Board will be forced to further reduce its staffing level to 306. This reduction will be accomplished through balanced, across-the-board program reductions by means of a selective hiring freeze. These cuts will reduce all workload accomplishments approximately 9 to 10 percent. The impact of such across-the-board reductions will fall most heavily on our accident investigation programs.

You have requested that we examine, also, the impact of a further 20 percent Gramm-Rudman-Hollings sequestration in fiscal year 1987. If this occurs, our appropriation will be reduced to $17,072,000, with a reduction in staff to the 237 FTE level.

Now, Mr. Chairman, to put this in context, when the Board was first organized, before we had any programs in the surface modes, and at a time in 1967 when we had far less aviation activity than we have today, we were created with a staff level of 260, so this would put us below that one-mode 1967 aviation level.

A reduction of this magnitude necessarily would involve a significant loss of personnel. To give you an indication of the impact of a 20-percent cut, let's assume we eliminated—which, of course, we cannot—all travel, all training, all hearings, all printing charges, and all other nonpersonnel expenses except fixed costs. We still would be $1 million short, which would have to be made up through personnel reduction.

This is because 70 percent of our projected budget for fiscal year 1987 is dedicated to personnel costs. With a 20-percent reduction, we would be forced to furlough staff, reduce our employment level, or both. Even if we reduced our employment level down to 237, we would have to give every employee a 25-day furlough because of the inefficiencies that are involved in the RIF procedures, which would result in a 10-percent loss of pay for all of them and probably the loss of the services of the best and the brightest.

As I mentioned earlier, we will institute a selective freeze designed to reduce our employment level in 1986. This option will not be available to absorb an additional 20-percent cut in fiscal year

1987. The reason is because we have to reduce our staff far more than we ever could absorb through attrition.

Therefore, a reduction-in-force will be necessary, and we will have to face the very tough choice of applying it across the board or targeting specific program areas. Let me emphasize that in either case the RIF would result in programmatic cuts, and since the majority of our resources are devoted to aviation activities, any cuts will affect aviation programs.

Much of my testimony this morning deals with the future, especially our discussion on Gramm-Rudman-Hollings. However, even these discussions are having a more immediate near-term effect. People are concerned about their jobs, and I am afraid many will leave Government unless their sense of security can be assured.

Likewise, those who are retirement eligible are deeply concerned about the effect of the budget deficit and the budget problems on their future. Any significant change in the retirement system could trigger increased retirements and shifts to private industry, which would be very detrimental. Overall, we have found that it is becoming increasingly difficult to recruit people into Government.

In closing, I would like to make one final point. It should be clear that the cuts that would result from a triggering of the Gramm-Rudman-Hollings law obviously would have a very damaging effect on the Safety Board. Thus, it is my hope that the Congress can come to an agreement on the President's proposed budget.

In these times of unacceptable deficits, I think all responsible officials are attuned to the need for reducing spending levels. The President's budget reflects necessary reductions but will not catastrophically affect the Safety Board's primary safety mission.

Another way of saying that, Mr. Chairman, is that although the President's budget is not good news for the Safety Board in that it does meet the Gramm-Rudman targets, it saves us from this kind of catastrophic sequestration that would in effect virtually put us out of business.

Thank you again for this opportunity to be with you here this morning, and I will be glad to respond to your questions.

Mr. Chairman, I would make one other point. Another very negative effect that the whole Gramm-Rudman threat makes to the Safety Board is the fact that other Government agencies—in the aviation case, the FAA—have to respond to our recommendations in order for our work to be of any value. Certainly I think the fiscal pressures that are on the FAA are going to be a reason for their refusal to respond to many of our recommendations and probably an excuse even in some additional areas. So that certainly is not an encouraging prospect for the Board.

Mr. MINETA. Thank you very much, Mr. Chairman.

Your testimony indicates that, under the Gramm-Rudman-Hollings reductions for fiscal year 1986 and for the President's budget for fiscal year 1987, you are going to have to impose a hiring freeze and not replace employees who leave. Your prepared testimony indicates that there are NTSB offices where a substantial percentage of the employees have left in the last few months. Now these employees cannot be replaced because of the hiring freeze. Could you describe some of these situations and the impact of this attrition on the Board's ability to perform its mission?

Mr. **Burnett**. Well, one that we listed in our testimony was a situation in Fort Worth where we lost one employee to industry—American Airlines hired him away from us because we couldn't bring him up to what they could offer and abide by the time-in-grade requirements of the Government. For an aviation segment there that represents six people, that is a substantial loss.

In addition, one of our employees on a hunting trip fell out of a tree and broke his back, and he is not available to us. So we have gotten down to the situation there that we are faced with a deep percentage cut and are unable to pick up that workload out of any other office.

We also have the situation where, for many of our specialty areas, we have only one or two specialists in an area, so if we allow the process of attrition to take one from us, then we only have one specialist left, he has to remain on call for 24 hours a day every day of the week in order to be available to take care of the needs we have for that specialty area. This of course, is an impossible thing for someone to face, and it is likely to encourage him to leave us. So the process of trying to reduce by attrition, although that is the way we have chosen, carries with it tremendous impacts on the Board's activities.

Mr. **Mineta**. I would like you to explain some of the implications of a 20-percent cut in your budget for fiscal year 1987 under Gramm-Rudman-Hollings. First, if you complied with these cuts by a reduction-in-force only, how many employees would you have to fire?

Mr. **Burnett**. Mr. Kissinger?

Mr. **Kissinger**. It would require a reduction-in-force of 100 employees, sir, of which approximately a third of those would be required to actually fund the cost of the reduction-in-force.

Mr. **Burnett**. So we would be moving from a 306 level down to a 206 level, when the Board at its peak was at 401, so we virtually would be cut in half.

Mr. **Mineta**. And if you complied with a 20-percent cut by furloughs only, how many days of furlough would be required?

Mr. **Burnett**. It would be 61 days, Mr. Chairman, which would be better than about a 25-percent cut in salary for our people, which would mean that—I don't think there are many Government employees who can stand that kind of impact on their budget; they would have to look for jobs elsewhere.

Mr. **Mineta**. If you were to comply with a Gramm-Rudman-Hollings 20-percent reduction through a combination of reduction-in-force and furloughs, what is your current thinking on the levels of RIF's and furloughs that would be required?

Mr. **Burnett**. We would reduce down to the 237 level, which we could sustain if our appropriations were held at the level that we were reduced to under the 20 percent sequestration. Then we would have to furlough all of our employees for 25 days, which would represent, I think, approximately a 10-percent pay loss for them, in order to make up the inefficiencies of the RIF procedure, and that, of course, would mean that many of our younger employees, the people who were not immediately pre-retirement, would certainly start looking for jobs elsewhere under that circumstance.

We are having a hard time keeping private industry from taking our people as it is.

Mr. MINETA. I understand these RIF's and furloughs would require the Board to reduce some of its capabilities by 50 percent or more. Which of the Board's functions would be hit this hard?

Mr. BURNETT. Well, sir, in our testimony we have projected it across-the-board because we have not yet made the decisions as to where we would try to make programmatic reductions, and of course, I would have to have the full Board involved in that process.

If we actually went down to 237, I suspect that we would probably have to completely close our investigative activities in some modes of transportation. Rail and marine would be a possibility, leaving us basically only with an aviation and highway program.

Certainly we would also have to quit doing most general aviation accident investigations, even the fatal general aviation accidents. We would have to drop back to investigating enough to maintain a valid statistical base. We would probably collect some statistical information on all general aviation accidents but not really investigate those accidents. With those kinds of radical cuts, we could keep the doors open.

Another thing that I might emphasize is that if it were decided the next year that this should not happen to the Safety Board and that we ought to come to the 347 level that we have asked for in the OMB budgetary process for the last several years, it would probably take us 3 to 5 years ever to build back up to that position, because our experience has shown us that we can only hire 20 or 30 of the professionals that we have to hire a year when we try to rev back up. So we would be seeing something that would affect the Safety Board for the foreseeable future.

Mr. MINETA. Under the RIF's and furloughs required by a 20-percent Gramm-Rudman-Hollings cut, how many fewer accident investigations would the Board perform?

Mr. BURNETT. Mr. Kissinger.

Mr. KISSINGER. Approximately 2,500, sir, as we would define an accident investigation.

Mr. MINETA. So, as you say, Mr. Chairman, you might eliminate marine and railroad or respond to every third accident?

Mr. BURNETT. Well, I just wanted to throw those out as examples.

Mr. MINETA. Sure.

Mr. BURNETT. I would hate for all the railroad staff to quit after this, but those would be possibilities. I think we would have to see exactly how much we were going to be cut and try to take out pieces that would add up rationally to the kind of reduction that we would have to make.

Mr. MINETA. In the absence of Gramm-Rudman-Hollings mandated cuts, how many full-time employees would the Board need to adequately and effectively perform its investigative and advisory functions?

Mr. BURNETT. We have asked for several years for 347. That has been our request to OMB. We were actually one year, since I have been chairman, funded at that level by the Congress, but we were not able to hire up to that level and do the kind of responsible hiring that we think is necessary with the highly technical people that we seek.

The 347 level is down from 401, which was the peak for the board. Even at that level, we were not able to do all that we think our mandate would ask of us. What we have sought with the 347 level was to attain a level that we could sustain and be stable, because the instability in the programs hurts as much as any reduced level does, because we cannot project what we are going to have to work with, and we cannot get the public that we serve accustomed to what to expect out of the Safety Board when we are bouncing up and down.

Mr. **Kissinger**. I might supplement that by saying that we started this fiscal year at the $22,300,000 level, which we felt could fund 338 full-time positions, which, of course, looks pretty good right now.

Mr. **Mineta**. What was the 306 figure, then?

Mr. **Kissinger**. The 306 figure is the figure for 1987.

Mr. **Mineta**. Oh, OK.

Mr. **Burnett**. Mr. Chairman, I might also add that, in discussing our reductions we would have to reach if we get the 20 percent Gramm-Rudman sequestration—or 13 percent sequestration, for that matter—we would have to abandon all foreign investigations, the many types of investigations we have participated in such as Air India and the Japanese airline investigation and the Gander, Newfoundland, investigation. We would only be able to do exceptional cases, and certainly we would not be able to do perhaps more than one of those three, even including the exceptional cases, if we had those kinds of levels.

We would also have to reduce the number of technical specialists that we send out to any of the major air carrier investigations that we do here domestically. Whereas we have tried to pioneer looking at the human performance issues by sending those technical specialists, we probably could no longer do that.

Mr. **Mineta**. Where you are housed is at the FAA. Is that building owned by the Federal Government, or is that leased for a long term by GSA, and then you are a tenant within that kind of an arrangement?

Mr. **Burnett**. It is owned by the Federal Government.

Mr. **Mineta**. It is owned by the Federal Government. Have you investigated whether or not it would be cheaper to be leasing in a privately owned building because the SLUC, the standard level user charge, as applied by GSA might be higher than what you might find available in the private sector?

Mr. **Kissinger**. We have just begun to look at that issue, especially the prospect of moving, perhaps, outside of the beltway in this area to cut down on our rent costs. But my gut feeling is that GSA probably would not be too enthusiastic about us moving out of our current building. They probably would deny us permission if we asked them to do that.

Mr. **Burnett**. In addition, Mr. Chairman, we have such an interrelationship with the FAA that the productivity cost of moving out of the building where we are presently located, next to them, would be a major disadvantage, I think, to the Board.

Mr. Kissinger. As well as the cost of relocating our laboratory facilities.

Mr. Mineta. With as many telephone lines as you might have, even those charges may offset any kind of reduction in rent that you might be able to negotiate.

Thank you very much.

Congressman Sunia.

Mr. Sunia. I have no questions. Thank you, Mr. Chairman.

Mr. Mineta. Congressman Rowland.

Mr. Rowland of Georgia. Thank you, Mr. Chairman.

I have one question here. According to your statement, the sequestrations in 1986, while having some effect, have not impaired your ability to function as you feel you should, but if we had a fiscal year 1987 sequestration, would it severely impair your ability to function?

Mr. Burnett. Well, I don't want to say that it has not impaired our ability to function as we feel that we should. We have asked for a staffing level of 347 for several years now, and we will now be down to operating at the 324 level. That will represent a 10-percent reduction from the 338 level which was the basis of our appropriation.

So that 10 percent reduction will mean 10 percent less safety productivity, and that certainly is going to have a negative impact on the public safety. However, we are still in business, and we can keep the doors open, and we can do most of those things that the public expects of us, doing some of it more slowly and dropping some of the things that we would ordinarily do.

However, if we talk about a 20 percent sequestration or even—we have done figures for 13 percent for the House Appropriations Committee—that would take us down to 260, and that is the level at which the Board began operations when it had no surface programs, with the 1967 aviation environment, which of course was a much less active aviation environment than we have today. So, obviously, we would be at a historic low for the Safety Board and behind where we were when the Board first began.

Mr. Mineta. Mr. Ziegler, do you have any questions?

Mr. Ziegler. No, sir.

Mr. Mineta. Again, Chairman Burnett if you would, convey to your Board members and the staff at the NTSB how much all of us—specifically on the Aviation Subcommittee but I think on the full Committee on Public Works and Transportation—very much appreciate the hard work and the dedicated efforts that all of you put up.

I know when you were at let's see, what do you have, three Board members right now?

Mr. Burnett. Three.

Mr. Mineta. When all of you are sort of a "go team," ready to go at any point, with only 3 out of 5, that really puts a load on all of you, but I just want you to express to everyone down at your agency that we are very, very appreciative of the fine professional hard work that everyone does.

Mr. Burnett. I will certainly relay that, Mr. Chairman. Thank you.

Mr. Mineta. Thank you very much.

[Mr. Burnett's prepared statement follows:]

STATEMENT OF HON. JIM BURNETT, CHAIRMAN, NATIONAL TRANSPORTATION SAFETY BOARD

Mr. Chairman and Members of the Committee, I am pleased to have this opportunity to review the impact of the President's budget and the Gramm/Rudman/Hollings law on Safety Board aviation programs. This Committee's continued support for our mission and activities is most gratifying, and we thank you for your tenacity in pursuing aviation safety.

The National Transportation Safety Board is mandated to investigate transportation accidents, determine their probable causes and make recommendations to prevent such accidents from happening in the future. This responsibility encompasses all modes of transportation, with resources allocated to the different modes as follows: aviation—61 percent; railroad—12 percent; highway—15 percent; marine—9 percent; pipeline and hazardous materials—3 percent.

As a result of the initial Gramm/Rudman/Hollings reductions in FY 1986, the Safety Board suffered a reduction of $959,000 (from $22,300,000 to $21,341,000), or approximately four percent of our appropriations. This resulted in the following non-personnel cost reductions with the following impacts:

Equipment—the major management initiative to increase efficiency through computerizing Board activities (and thereby be in a better position to absorb resource reductions) will be stalled and the continuing effort to maintain the Board's laboratories in the forefront of technology will be jeopardized.

Supplies and Materials—stocks will be be depleted, which obviously can be done only on a short term, one-time basis.

More significantly, we will be required to reduce our employment from 338 to 324.

The FY 1987 budget, which provides $21,430,000, is $89,000 more than the Gramm/Rudman/Hollings reduced budget for FY 1986 of $21,341,000. However, the cost of doing business is going up too. For example, GSA has informed us that our rent will increase $505,000. Telephone charges and other increases from inflation are expected to go up to $333,000. Therefore, the Board will be forced to further reduce its staffing level to 306.

This reduction from 338 to 306 will be accomplished through balanced, across-the-board program reductions by imposing a selective hiring freeze. These cuts will reduce all workload accomplishments approximately nine to ten percent. The impact of such across-the-board reductions, however, will fall most heavily on our accident investigation (and supporting technology) programs and on the aviation made because of the large proportion of NTSB positions allocated to those areas.

Although we believe that the across-the-board-reduction approach is our best option for coping with these further proposed reductions, there are three basic reasons why this alternative will cause major program disruptions.

The unpredictability of the amount, timing and location of the attrition.

The fact that the most harmful attrition, in the technical areas, is not only the most likely, but also the most difficult from which to recover.

The impracticality of actually allowing certain areas to absorb their share of across-the-board reductions because of the already minimal staff levels and the extensive specialization in those areas.

The following situations that currently exist in the Board illustrate the harmful impact of such staff losses on our ability to continue to fulfill program responsibilities.

The Board's Ft. Worth field office, with 12 employees, is a typical field office. Six of those 12 employees are Air Safety Investigators (ASI), responsible for investigating the approximately 350 accidents which occur each year in Texas, Oklahoma, and Louisiana. Within the past three months, the Field Chief has retired and been replaced with one of the ASIs, another ASI has accepted a senior safety position with a major airline, while a third was injured seriously in an accident and is in a limited duty status which precludes most on-site investigative activities.

Staffing shortages in other field offices preclude temporary details of personnel to Ft. Worth. The result is nearly constant on-call duty for the remaining three ASIs, extensive use of overtime, exacerbating the already tight budget situation, and continuing pressure to respond to all accidents and prevent a buildup in the report backlog. It comes as no surprise, therefore, that only two proposals for aviation safety recommendations have come from the Ft. Worth field office in those last three months.

The Board's Human Performance Division, established within the last several years to give long-overdue examination to factors which may have adversely influenced the performance of persons involved in transportation accidents, has a complement of six Human Performance Investigators. One of these investigators is assigned to every major accident investigation team in all modes—between 40 and 50 accidents each year. In addition, they assist on request with perhaps an equal number of non-major accident investigation reports each year clearly involving human performance issues. Until last month, all six positions were filled. Within the last 30 days, however, one investigator has been promoted to special assistant to a Board Member, another has been selected for a position as Investigator-in-Charge of major aviation accident investigations, while a third has accepted a position with a major aircraft manufacturer. In addition, one of the three remaining staff members has been on the job less than four months.

Thus, one of the most crucial areas of needed technical expertise in the Board has been cut in half unexpectedly with no immediate prospect for recovering the level of specialized experience so laboriously built up over the past several years. Without this staff, we simply cannot do the indepth investigations necessary to answer key questions relating to the role of human performance in some major accident investigations.

This Committee has requested that we examine also the impact of a further 20 percent Gramm/Rudman/Hollings cut in FY 1987. If this occurs our appropriation will be reduced to $17,072,000, with a reduction in staff to the 237 FTE level.

A reduction of this magnitude necessarily would involve a significant loss of personnel. To give you an indication of the impact of a 20 percent cut, let's assume we eliminated all travel, all training, all hearings, all printing charges and all other variable non-personnel expenses except fixed costs, such as rent and telephones. We still would be $1 million short, which would have to be made up through personnel reduction.

This is because 70 percent of our projected budget for 1987 is dedicated to personnel costs. Therefore, any Gramm/Rudman/Hollings cut would substantially affect our people. With a 20 percent reduction, we would be forced to furlough staff, reduce our employment level or both. Let's look at those options.

If furloughs were used to reduce costs, it would require that all Safety Board employees take 61 days of furlough. Obviously this is not a viable option unless we just abandon our accident investigation responsibilities. Even if we ignore the safety implications, this option is not realistic since we would have to assume that the budgets reductions would apply over more than one year.

To reduce our employment level in 1986, as I mentioned earlier, we will institute a selective freeze designed to achieve across-the-board cuts in each program. However, because of the magnitude of the reduction, this option will not be viable to absorb an additional 20 percent cut in 1987 because we will have to reduce our staff far more than we could ever absorb through attrition. Therefore, unfortunately, a reduction-in-force will be necessary, and we will have to face the very tough choice of applying it across-the-board or targeting specific program areas. Let me emphasize that in either case the RIF would result in programmatic cuts. And since the majority of our resources are devoted to aviation activities, any cuts will affect aviation safety programs.

This is a good place to point out that these contingency plans have been developed during the past few days and would have to be further refined if the cuts became reality.

If all cost reductions are made through RIFs, it would be necessary to RIF 100 employees, reducing our employment level to 206. It should be noted that approximately 30 percent of these cuts would be requested just because of the inefficiencies in the RIF process (we would have to make severance payments, pay unemployment costs, and reimburse employees for unused annual leave). In addition, the 100 figure is based on being able to reduce the necessary staff by the beginning of the fiscal year. If we did not receive our appropriations in sufficient time to complete the process by the beginning of the fiscal year (a distinct possibility because the Gramm/Rudman/Hollings sequestering process is not completed until October 15th), then it would be necessary to reduce below that level to reach the required savings.

It is unrealistic to RIF substantially below the FTE level (237), which could be sustained in future years with the given funding of $17,072,000. Therefore, in all likelihood we would use a combination of the two: reducing employment through a RIF of 69 positions down to the 237 level and furloughing all employees 25 days.

With a reduction to the 237 FTE level a substantial impact on the Safety Board's aviation program is inevitable, as sixty-one percent of the Board's current resources are devoted to it. Applying that percentage to the 338 FTE positions initially provided for FY 1986 would mean that 206 positions are devoted to aviation and 132 positions are devoted to the surface modes (railroad, highway, marine, pipeline and hazardous materials). If all the 101 position reductions, from 338 to 237, are taken from the surface functions it would leave only 31 positions in these functions, or an average of six positions per mode. This number of positions is well below the critical mass necessary to maintain a viable program in these areas and to fulfill our mandated responsibilities at a minimal level.

Even if staff reductions were applied across the board to all areas, the results would be unacceptable from the standpoint of effective program management. It is simply not possible to take a 30 percent personnel reduction (from 338 to 237) in any Safety Board program without a severe impact on our ability to accomplish our mission. This represents an approximate cut of one position out of each three positions in the Board.

More than half of the entire NTSB technical staff in Washington are sufficiently specialized in program function and sufficiently small in number (e.g., with four, three, two, or only one position in each) that a cut of a single position would result in major program disruption or elimination. We only have one fire science specialist, one aircraft maintenance records specialist, etc., and they are indivisible. We only have two meteorologists, two cockpit voice recorder specialists, etc., and by eliminating one of them we are reducing our capability by 50 percent.

Also, in the field where we have two employees in a function, as in nine of our ten field offices where we have two aviation, highway and/or railroad investigators each, to eliminate any one would require elimination of the investigative program in that area of the country. A single investigator simply cannot be on call 24 hours a day every day to respond to accidents.

The specific effect on the Safety Board organizational units of the 30 percent across-the-board cuts would be as follows: Policy and Direction reduced from 43 to 30; Bureau of Accident Investigation reduced from 46 to 32; Bureau of Field Operations reduced from 115 to 81; Bureau of Technology reduced from 71 to 50; Bureau of Safety Programs reduced from 26 to 18; Bureau of Administration reduced from 31 to 22; Administrative Law Judges reduced from five to four.

A 30 percent reduction, or approximately one in three positions, would severely restrict our program implementation in all areas of the Board. This is represented dramatically by the following reductions: major accident investigations (domestic and foreign) reduced from 47 to 33; nonmajor accident investigations reduced from 3,750 to 1,048; safety recommendations reduced from 410 to 285; safety studies reduced from nine to six; certificate and license appeals reduced from 760 to 532. There is a different correlation between workload accomplishment and safety payoff in terms of lives saved, injuries prevented, and property damage averted. The Safety Board clearly would not be able to meet its Congressional mandate in aviation or any other mode.

In closing, I would like to make one final point. Much of my testimony this morning has dealt with the future, especially our discussion on Gramm/Rudman/Hollings. However, even these discussions are having a more immediate near term effect. Moral at the Safety Board can be described as "tense at best" whenever Gramm/Rudman/Hollings is mentioned. People are concerned about their jobs, and I am afraid many will leave government unless their "sense of security" can be assured.

Likewise, those who are retirement-eligible are deeply concerned about the effect of the budget deficit and the budget problems on their future. Any significant change could trigger increased retirements and shifts to private industry which, for a people-oriented agency such as the Safety Board, could be very significant. And finally, we have found that it is becoming increasingly difficult to recruit people into government.

Thank you again for the opportunity to review the impact of Gramm/Rudman/Hollings on the Safety Board. I will be pleased to respond to your questions.

Mr. **Mineta**. At this time I would like to call on the Honorable Matthew V. Scocozza, the Assistant Secretary for Policy and International Affairs for the Department of Transportation. Mr. Secretary, it is a pleasure to have you here. Your statement will be made a part of the record, and so please go ahead and proceed in your own fashion.

TESTIMONY OF HON. MATTHEW V. SCOCOZZA, ASSISTANT SECRETARY FOR POLICY AND INTERNATIONAL AFFAIRS, DEPARTMENT OF TRANSPORTATION

Mr. SCOCOZZA. Thank you, Mr. Chairman. I appreciate being here this afternoon.

I do have a shorter version of my full statement, and I think it is appropriate to set forth as much of it as I can. I will stay within your 10-minute rule.

Deputy FAA Administrator Jones has indicated how the FAA would handle its functions in light of the budget reduction impact of Gramm-Rudman-Hollings. I will address this morning all the other aviation functions being handled by the Department.

Because of the transfer of the Civil Aeronautics Board's responsibilities to the Department 14 months ago, the Department has had a substantial increase in its aviation responsibilities and workload. We are proud of the way we have absorbed those responsibilities and improved on the Government's ability to handle the aviation programs and issues.

We have strived to maintain high standards of program management and decisionmaking while simultaneously endeavoring to streamline procedures and improve efficiency. The success of our efforts enables us to absorb a 4.3-percent cut in funding this year as a result of Gramm-Rudman-Hollings sequestration.

For fiscal year 1987, the President's budget for the Office of the Secretary, where virtually all aviation functions other than the FAA's are performed, proposes a slight increase—3 percent over enacted fiscal year 1986 levels prior to sequestration—primarily for increases in space rental adjustments and research and development.

The fiscal year 1987 budget proposes to reduce authorized positions in OST by 9 percent below the fiscal year 1986 enacted budget, prior to sequestration, in part due to the proposed elimination of the EAS Program. We intend to accomplish this reduction through attrition and more efficient administration of OST responsibilities in both aviation and nonaviation programs.

Given the adoption of the President's budget, the Department will be able to administer all phases of aviation policy and programs within anticipated budget levels.

I would like to mention a few of our actions to reduce staffing requirements and improve efficiency. Primarily, we have streamlined the decisionmaking process. Of particular benefit in this regard is the fact that decisions at the Department are being made by one person compared to a five-member board, which required greater support staff and work item processing.

In addition, we have attempted to resolve aviation issues and problems by informal procedures wherever possible, not only in an attempt to reduce the cost to the Government but in an effort to be more effective and responsive.

For example, in dealing with the secondary bias problem of airline computer reservation systems, we worked directly with the air carriers to obtain a solution that was far quicker, more effective, and required far less Government staffing than if we had pursued a regulatory solution.

Our success in informal process has also resulted in a large reduction in the number of orders issued. In 1984 the CAB issued 1,438 orders, whereas in 1985 DOT issued a little over 1,000. That is a 28-percent drop and represents huge savings in man-hours that are now dedicated to other activities.

Similarly, we have tried to minimize the use of formal proceedings for processing applications under the Federal Aviation Act. Formal hearings are extremely time-consuming and require large commitments of staff resources. We are convinced that the vast majority of aviation proceedings can be handled under nonhearing procedures without impairing the rights of any parties or the quality of the record and decision in the cases.

Let me give you some idea of how successful we have been in this regard. In 1984 the CAB set 36 proceedings for hearing before a judge and actually held 25 hearings. DOT in 1985 set only seven proceedings for hearing and actually held three hearings. That is an 88 percent drop in hearings in 1 year and represents a huge savings in Government and airline resources.

In the area of international tariff filings, which is an enormous workload of more than 500 tariff pages filed each day, containing 25,000 changes in fares, rates, and rules, we have initiated rulemaking to establish a computerized tariff filing system. This will take several years to accomplish, but it promises to reduce the staffing needed by both DOT and the airlines significantly.

Another area that is time consuming and can be simplified is name changes by airlines. Under the current procedures inherited from the CAB, we must review airline names to determine if there is similarity that could infringe on an established carrier's reputation or confuse the public.

This can be a time-consuming and frustrating exercise for the Federal Government. Therefore, we intend to propose a change that would eliminate DOT as the middleman and make the carriers work this out themselves, relying on the courts if all else fails.

In conjunction with the administrative and policy efforts that we are undertaking at the Department to reduce costs, a key element to our being able to administer aviation programs within the upcoming budget constraints is that Congress approve the President's proposals to reduce funding for transportation assistance programs.

In the aviation area, we are continuing, because the law leaves us no discretion, to subsidize air service to many small communities under the Essential Air Service Program where there is very little benefit. Many of the communities that are currently receiving subsidized air service under this program are within convenient driving distance of alternative air transportation centers.

For example, Lewiston, ME, is only 35 miles from Portland, yet we spend $209,000 per year in subsidy there. Manitowoc is only 40 miles from Green Bay; we spend $238,000 there. Winston-Salem is only 26 miles from Greensboro but costs the taxpayers $107,000 per year in subsidy.

Furthermore, the majority of communities receiving subsidized air service are enplaning extremely low levels of traffic, under 10 passengers per day. As a result, the subsidy burden of providing service is often over $100 per passenger.

We have been endeavoring to persuade communities with extremely low traffic levels to forgo their subsidized essential air service voluntarily. We have conducted voluntary use-it-or-lose-it tests at three points—London/Corbin, KY, and Greenville and University/Oxford, MS—where the communities agreed to forgo their subsidized air service if traffic did not respond to a higher level of service during the test period. Based on continuing low traffic levels during the test period, subsidy for service to these communities has been discontinued.

In a similar effort, we recently contacted the mayors of Kokomo, Logansport, and Peru, IN, about discontinuing their air service subsidies. The communities, which are served through a common airport, are about 55 miles from Indianapolis and are currently enplaning only four passengers per day. Their subsidy is almost $300,000 per year, or $120 per passenger. We feel very strongly that subsidy obligations for communities such as these should be eliminated.

Before concluding, let me interject a few words of caution. Since the sunset of the CAB, we have had attrition among the staff handling aviation economic regulation, and we have not filled positions as they were vacated. We compensated for this and will continue to do so in fiscal year 1986, in large part by adapting our procedures, policies, and regulations to enable work to be accomplished more efficiently. But we have also asked our staff, professionals and secretaries alike, to pick up much of the workload of those staff who left the Department over the past 15 months.

We will experience a further 9 percent cut in authorized positions in fiscal year 1987 and will still be able to carry out responsibilities. However, if Congress chose to retain some or all of the funding for EAS, we could not offset that within the Office of the Secretary by taking a reduction in our administrative—for example, staffing—account.

Such an action would, for example, cause us to be hard-pressed to act on new economic fitness or merger applications on a timely basis and to monitor the continuing fitness of airlines, which is a priority. At this time, given the significant new merger activity in the airline sector, it would be foolhardy to hamstring the organization that is charged with overseeing these matters.

Therefore, I urge you to support the President's budget and commit to you that, within that budget, we will be able to administer all phases of the aviation program effectively.

Thank you, Mr. Chairman. I would be glad to respond to any questions you or the other members may have this afternoon.

Mr. MINETA. Very good. Thank you very much, Mr. Secretary. First, I would like to get some clarification on how the Gramm-Rudman-Hollings cuts and the President's budget will affect DOT's aviation staff. In fiscal year 1986, as I understand it, the Gramm-Rudman-Hollings cuts reduced funding for the Office of the Secretary by 4.3 percent from the appropriated level of $51 million to $49 million. Now, will this cut require any furloughs or reduction in force?

Mr. SCOCOZZA. No, Mr. Chairman, it will not. We will be able to absorb all of those cuts through attrition and through efficiencies within the Office of the Secretary.

Mr. **Mineta**. Under the President's budget for fiscal year 1987, funding for the Office of the Secretary would be increased to $57 million. As I understand your testimony, this would require you to reduce the staff by 9 percent, which you expect to be able to accomplish without furloughs or RIF's of aviation personnel. Is this correct?

Mr. **Scocozza**. Yes, Mr. Chairman.

Mr. **Mineta**. Now, one of the President's proposals is to eliminate the Essential Air Service Program. When you state that the Office of Secretary of Transportation staff will be reduced by 9 percent without furloughs or reductions in force, are you assuming that the EAS staff will be dismissed, or do you believe that you can place the EAS staff in other positions and still reduce OST personnel by 9 percent without a reduction in force or furloughs?

Mr. **Scocozza**. There are 34 people in that Office, Mr. Chairman. They would be given priority hiring rights throughout the Department of Transportation, the FAA, the Coast Guard, and elsewhere where applicable.

Because these people have specific expertise in the aviation area, they would be a natural fit within, for instance, my office, the Policy Office, within the Research and Special Programs Administration, which has the airline accounting and the financial statistical reporting responsibility, and in the Office of Administration. The actual number of people and where they would go within the Office of the Secretary and the FAA has really not been worked out. I would try to get that kind of information to you.

But, yes, your question is correct. The President's budget assumes the termination of those 34 positions within our 9-percent reduction currently planned. If we could not find positions for them throughout the Department, they would have to be terminated because their Office was terminated.

Mr. **Mineta**. I wonder about your suggestion that because you issued fewer orders in a year than the CAB did, that this proves that the Department of Transportation is more efficient. It seems to me that comparing the volume of orders puts you in a no-lose situation. If you issued more orders than CAB, you could claim that you accomplished more; or, if you issued fewer orders, you could claim that you were more efficient and accomplished as much as or more than CAB with fewer orders. I am not necessarily concluding that you are less productive than CAB, but I wonder how you have determined that DOT's orders accomplished just as much as the larger number of the CAB orders.

Mr. **Scocozza**. Mr. Chairman, I would just give a comparison of the kinds of issues that the Department of Transportation faced in the first year of sunset compared with what the Civil Aeronautics Board faced.

All through the sunset hearings in 1984, the Civil Aeronautics Board talked about how a tremendous amount of major rulemakings and proceedings were going to be delayed, and a lot of issues were going to be delayed, for the Department of Transportation to deal with. Yet the temporary versus permanent certificates were dealt with expeditiously by DOT, for example, in an order after due deliberation. We did not go through a lengthy process of more oral hearings on top of everything else.

The CRS secondary screen bias problem in which this subcommittee and full committee took an active role and recognized a serious problem—we were able to resolve that without what would have been no less than a 10-month rulemaking procedure and some kind of administrative rule that probably would have had loopholes. Any bright attorney can find a loophole in any order issued by any agency. Instead, we dealt with that within 2 weeks, with agreement by all the CRS vendors to remove the secondary screen. There are a number of those kinds of situations. But I think another area that bears me out is the ease with which we are able to do things now; the international aviation negotiations area, for one.

I remember how the Department of State and the Department of Transportation would have to wait with bated breath for weeks to find out what the position of the third partner, the CAB, in the negotiation was. We are able to resolve things quickly now because it is just two agencies and, from what I can gather, there is at least a comfort with the quality of the negotiations that are going on within this House, the Senate, and in the private sector.

We have been able to conduct fitness cases that are not contested, or fitness cases that do not pose any serious problems to us from a safety or a commercial fitness standpoint, by doing them all with paper pleadings, with adequate opportunities for the public to look at them and suggest any guidelines or improvements one way or the other.

The Civil Aeronautics Board policy was to have an oral hearing in every fitness case involving certification. We think we should have an oral hearing where the situation presents itself, and we will scrutinize cases very closely. The Civil Aeronautics Board set 36 hearings; we had 7 that were ordered. We actually had 3; the CAB actually had 25.

One of the other things I believe is important is the name changes. I think that is a monumental waste of administrative time, agonizing over Gulf Air and Gulf Air, Inc., and spending months of valuable staff time when that should be spent on fitness monitoring, coordination with the FAA, or a merger case.

We are coming out very soon with a rulemaking which will try to put this issue before the courts, just like any trademark or patent question. I think that will increase our efficiencies as well.

If you look at the mergers that we have actually done—for instance, Frontier/Horizon, People Express/Britt, People Express/Frontier—all of those were each concluded within 6 weeks. I really don't believe that a five-member Board could have reached a unanimous position in those cases in that period of time.

I am not saying what the board did was wrong; I am saying it is different because, as a five-member Board, they each have a responsibility; they each have a staff. There may be concurring opinions, dissenting opinions, and concurring-in-part opinions, and the rule at the Civil Aeronautics Board was administrative courtesy. If it wasn't unanimous, they didn't do things without a public hearing. We are able to resolve those problems a lot more efficiently.

Mr. **Mineta**. I should also add that, in my opinion, the jury is still out on whether DOT's process is more streamlined than CAB's, and you have cited some statistics. As you know, I have had some problems with slow DOT procedures, and I have heard complaints from a number of people that DOT's process is less streamlined than CAB's. In fact, the Department has repeatedly been unable to get its testimony to this subcommittee 48 hours before our hearings, even when you have had weeks of notice. Now, there is a widespread belief that too many different offices are involved in the DOT decisional process, and that every time the offices are in disagreement, it takes weeks to even arrange a meeting and considerably longer to actually work out the differences.

It is true that at DOT there is only one person at the top compared to the five-person CAB. But that one person at DOT has responsibilities going beyond aviation economic regulation, and I am not sure that he or she is able to reach decisions any faster than the five-member Board of CAB, which was limited to aviation economic regulation.

By raising these questions, I do not mean to suggest that I have concluded that DOT is slower than CAB. I think that we should continue to explore this question, and along these lines, I would welcome additional studies to develop statistical data on how quickly you are processing applications so that we might have some kind of objective data base on which to make these judgments.

Now, on the Essential Air Service Program, it seems to me that one consideration that has been ignored in the administration's efforts to end the program prematurely is the importance of the Government living up to its commitments. When we passed the Airline Deregulation Act of 1978, we were concerned that airlines would take advantage of the freedom that the act gave them to terminate service to small communities and shift their services to more lucrative markets. We didn't want small communities to have to bear an unfair portion of the costs of deregulation, and so we provided in the Airline Deregulation Act that for 10 years the cities served by certificated airlines would be guaranteed at least a minimum level of air service.

I regard this as a 10-year commitment to small communities. Do you agree, and do you think it is fair for this commitment to be terminated before the 10 years are over?

Mr. SCOCOZZA. Mr. Chairman, I agree with you, that was the understanding back in 1978. At the time, I was with the Senate Commerce Committee, and it was clearly understood among all Members of Congress with whom at least I had contact at the time, that there would be 10 full years. But a lot has happened since 1978, and I think we are a lot wiser about the Essential Air Service Program today than we were 10 years ago.

Let's assume that EAS will continue up through 1988 and Congress will see to it that the commitment made to the small communities and made to the public stays. Let's just make that assumption, just for the purposes of talking this afternoon.

We really must recognize that, even if we have an Essential Air Service Program, we are in the last 2 years. It is a critical budgetary time, and I believe that there is a good chance it will not be continued beyond 1988, if it is continued up to 1988. And yet we really have no opportunity to help those communities come up with some kind of alternative service. That was always envisioned way back when.

We have some very interesting proposals by a lot of communities that are 20 or 30 miles from airports, thinking about having express limousine service from downtown areas to nearby airports, which would be incredibly low cost, something like $10,000, $20,000, $30,000. We cannot help them, however, because the only thing we can do is put a small air carrier at the airport, and they are guaranteed that.

It hurts when we are making cuts all across the budget—I mean, nothing has gone untouched in the budget—to see a situation where we are spending $120 per passenger on airplane service where there are only two or three people on the airplane, and because the ridership is so low, no air carrier wants to fly more than a eight- or nine-passenger plane—that is just not an attractive service—when an alternative service could be established.

The vast majority of these communities that we are subsidizing are within a very, very respectable driving distance of an airport, perhaps the distance between here and Dulles. There are a lot of legitimate situations, Mr. Chairman, where I would say that the unsubsidized EAS service is better protecting guaranteed continuation of service with some small communities. These carriers are not paid anything, but they are designated as the sole EAS carrier, with no fear of subsidized EAS competition, and the traffic is supporting that service.

There are some situations where subsidized service is probably going to result in independent air service some day. It has already proven itself out in the last several years. But there are a lot of situations, Mr. Chairman, where I must be very honest and tell you that we are wasting precious Government dollars.

But I respect the question and the fact that you asked me to acknowledge that a commitment was made for 10 years. On the other hand, when I see sacrifices being made across-the-board to cut money where it should not be spent any longer, it is hard not to at least point up the fact to this honorable subcommittee, and the one on the Senate side, that there are wasted dollars in the EAS Program.

And if there is a dedication to spending the $26 million that would be a continuation of the program next year, at least give the administration the flexibility to point it in the most responsible direction or to enable the communities to mold something that could be a successor, such as express bus service or, I doubt, light rail services or——

Mr. MINETA. Let me ask you at that point, in order to provide that kind of alternative service—express limousine service, express bus service, whatever it might be—does that require legislation?

Mr. SCOCOZZA. It would, Mr. Chairman. We don't have——

Mr. MINETA. Have you considered submitting legislation to us along that line?

Mr. SCOCOZZA. Mr. Chairman, our position has been to terminate the whole program, and I would say——

Mr. MINETA. If it is a legitimate service, why throw the baby out with the bathwater?

Mr. SCOCOZZA. Well, Mr. Chairman, what I have to do is point to the fact that I quite often try to help you understand what my personal thoughts are, so, on behalf of the administration, it is not an active proposal. I am just trying to help you understand, from my own perspective, as one who approves a lot of these EAS orders, the frustration I see in legitimate communities with some very legitimate problems—their hope of having independent air service, as opposed to other communities who are saying, "I'm guaranteed the right and I don't care if nobody flies; I want that plane to touch down because, at the very minimum, my airport will sell some fuel."

Mr. MINETA. But as I recall, the underlying philosophy at the time of the Airline Deregulation Act with respect to essential air service was not to subsidize the airline, but to help the community. It was to preserve for that community transportation that they had.

I think, frankly, in most instances, the communities probably are much more appreciative of the airline service that they are getting under essential air service as compared to what the program was before, because they might before have had a jet coming in once a day at 6 in the morning and then another one at maybe 8 o'clock at night, whereas, with commuters, they may have a commuter plane coming in five or seven times a day, and they know they have better service out of it. Even though it may not be a bird with a jet engine, it is one that, at least in terms of frequency of service, is able to get them to a hub where they can then continue on.

I think, to that extent, I am seeing that from the time when it first went into place, we had loads of complaints, loads of complaints, about the service that was being provided because it used to be a jet, but now it is one of those funny things with that thing going around. But I think those complaints have not been heard since probably 1 year after, or maybe 2 years after, the Essential Air Service Program went in, because the communities themselves were being better served under this program. I think that was really the intent, not to subsidize the airline but to help that community.

Mr. SCOCOZZA. I agree with you, Mr. Chairman, and in many situations, as I look at the experience since 1978, the communities have spent a lot of their own funds in promoting and supporting the airline, in giving them tax-exempt status. A tremendous amount of the credit goes to those particular communities for making it a success.

I would be irresponsible not to say that EAS has been successful in guaranteeing the future of air commuter service to some communities. But by the same token, Mr. Chairman, I must admit that Essential Air Service has been a failure in a number of communities because we have seen what once supported a larger commuter plane gone down to a small commuter plane, down to a six-passenger plane that may have one person on it a day. And to me, it hurts to see the money being wasted on a situation like that. But the point that you made about the 10-year commitment is very true.

Mr. MINETA. I was interested in your reference to significant new merger activity. Do you think that, under the President's budget, you are adequately staffed to give full consideration to antitrust considerations which may be raised in the merger cases?

Mr. **Scocozza**. I do, Mr. Chairman. I make note that in the Office of Policy, which is the decisionmaking arm delegated by the Secretary for merger decisions—I have about 184 people on my staff right now. I believe that level is adequate, supplemented by support from the counsel's office, to cover our existing responsibilities. If the Secretary feels a case has a significant policy input, she may choose to decide the case herself.

I do make mention of the fact, though, that in the appropriation process, which I have a lot of respect for because I worked for it at one time, if it is determined by Congress that some programs should continue—for example, the Essential Air Service Program—and we stay within the President's guidelines and try to save perhaps $30 million from somewhere else in the DOT's budget, that if a cut had to be made in the Office of Policy, I would probably have to respectfully provide you with what those cuts would do to us.

I appreciate your point, and I am saying, with the President's budget request, my existing staffing of 184, and the general counsel's support, yes, we can do a responsible job and a good job. But if we had to take significant cuts, I believe my response would have to be caveated.

Mr. **Mineta**. Along that line, what weight do you give to the antitrust analyses and recommendations which you receive from the Department of Justice?

Mr. **Scocozza**. Mr. Chairman, I think the Department of Justice has an excellent staff in terms of assessing ramifications on the antitrust laws by all companies in the United States, including the transportation companies, and their recommendations, advice, and guidance are not taken lightly. We take it very, very seriously.

When it comes to procedural ways of operating at the Department of Transportation, we feel that we are the decisionmaking body; we should determine how best to make a decision, from a procedural standpoint. But from a substantive standpoint, when a serious anticompetitive element exists in a merger, we take their advice and guidance very seriously; it is given great weight.

Mr. **Mineta**. But at least in the one agreement that has been approved, and the others that are pending right now, I do not recall one where there has been any agreement between the Department of Transportation and the Department of Justice on those cases. In every one of these, I think, from an antitrust perspective, the DOT has recommended against them.

Mr. **Scocozza**. I think initially the Department of Justice, in a number of merger cases, had some problems. The Department of Justice is free to work with the individual parties before the Department of Transportation, and in all of the situations that I am familiar with the carriers have been able to work in a cooperative fashion with the Department of Justice to erase or remove the anticompetitive aspects.

In the *Pan Am/United* case—for instance, the Department of Transportation did have a problem, and we recognized that that problem was a gateway problem on the west coast. That is why we reserved ourselves on the Seattle gateway issue and will, later this year, open up a case to determine what carrier would best promote the competitive situation across the Pacific, because of what the Department of Justice had indicated.

Mr. **Mineta**. In that case, it seems to me the Department of Justice had flat out said: "Go ahead and take it away from United," rather than to, as you say, open up for a later determination.

Mr. **Scocozza**. On the basis of the record, we were not prepared to disagree with the Department of Justice, but we did not believe that the facts in the record indicated that an automatic taking away was in order. But we are prepared to have an objective hearing and hear both sides to that issue and will look to the Department of Justice's participation in that case.

Mr. **Mineta**. Congressman Sunia.

Mr. **Sunia**. Thank you, Mr. Chairman.

I, of course, am always very pleased to see Mr. Scocozza and am always very interested in his comments.

A while ago, you indicated that you are trying to negotiate with the communities entitled to EAS to maybe agreeably terminate about 1 year earlier. Now, if such a community were agreeable, what do you do for them?

Mr. **Scocozza**. Well, if a community agreed to terminate its subsidized service, we could do it in a two-part process. If they agreed to get rid of the subsidy service, we could agree to continue the guarantee that the EAS-designated carrier would not have any EAS competition from anyone else subsidized by us if the route were very, very thin. If it were merited, we would get off the service altogether because there was no carrier interested in the market.

In most of the situations that I mentioned earlier, they were communities that sometimes had no one sitting on the plane. London/Corbin, KY, I think, had the Nation's record for the highest subsidy per passenger, very close to $200 per passenger that got on the plane.

I give credit to those communities because they recognized that probably nothing was going to give them a guaranteed, viable, independent air system, and they cooperated with us in deciding to save the Government some money.

Mr. **Sunia**. You are aware, of course, of our own particular problem.

Mr. **Scocozza**. Yes, sir.

Mr. **Sunia**. In many ways, it does not match up to the problems of those remote communities that you have been alluding to. I would think that perhaps the treatment ought to be somewhat different to suit the peculiar circumstances, as you are well aware of, out there in the Pacific.

How do you think we can get some assurance of some protection against monopolistic practices of the airlines after we do away with EAS for that particular part of the country?

Mr. **Scocozza**. Of course, in your part of the United States territories, Congressman, there is not as much subsidized service. We have EAS routes, but we literally let anybody who wants to provide the service provide the service, because we feel it is good for competition and the level of the prices that all citizens throughout the areas pay.

One of the observations that I would make is that it is hard to find a carrier who is absolutely dedicated to a market and will stick with it. We have seen a lot of carriers go in and out of markets, and it is hard to tell what the solution is. Continental/Air Micronesia was the only subsidized carrier in the region. That service has been a responsible and a good service and, I think, supported by all of the island governments.

The question that I have is, Is there any carrier that really wants to dedicate itself on a long-term basis to the markets including your own? I have not found that. What we have done was to give very favorable reception to all foreign carriers who were prepared to provide some service that our own domestic carriers were not able to like, for instance the carrier from Fiji, to at least help tourism to the individual islands.

But I am at a loss for what to do after 1988 if the program is extended beyond 1988. I would think that with respect to the three carriers who want to serve Samoa today, they will stay there beyond 1988. At least that is my hope, but I don't know if that is the case.

Mr. SUNIA. The situation recently has, I think, indicated some beginnings of changes with, as you know, the opening of that new jet 747 airport on Western Samoa, and I would think that that would probably necessitate a rethinking of the whole situation out there.

I mentioned earlier, before you had come in, the efforts of a particular airline to use two-engine aircraft—and I am sure you are aware of that, too—down to that area with a stopover in the Kiribati. I was informed by the company involved that they have no intent of proceeding from the Kiribati on down to the territory.

Still, the fact remains that Kiribati has no facilities capable of taking care should something happen. I was wondering—I did not get an answer to my question earlier, and I wonder if maybe you might be able to give that answer as to how we test the capability of these airports to receive our flights, these airports being mostly foreign in that part of the world.

Mr. SCOCOZZA. For the most part, Congressman, we did not change what we call the 90-minute rule. The 90-minute rule indicates that carriers are free to fly two-engine aircraft over water so long as they are within 90 minutes of a qualified airport to service them.

The FAA, by a directive of the Administrator, had indicated that it would consider up to 120 minutes on a case-by-case basis. So, if a two-engine aircraft wanted to fly in that particular region, it would have to demonstrate that it would never be beyond 120 minutes of an acceptable airport, one that could handle and could service it in an emergency situation. So, if your information is correct that there is not a suitable airport in the area, then it would not be applicable.

I know that two-engine aircraft, on a routine basis, go from New York City to Puerto Rico. As a matter of fact, that was the genesis of the 90-minute rule with the A-300. I am not familiar if any MD-80's or DC-9's do it, but we have had two-engine aircraft over water under the 90-minute rule for several years now.

I know the Air Force, on a regular, routine basis, flies from the West Coast to Hawaii with the DC-9, the older version DC-9, as a matter of fact. Of course, it doesn't have the payload that a passenger jet would. So we have a lot of background watching twin engines over water. But the key to your question is that, if the carrier cannot demonstrate that it will always be within 120 minutes of an acceptable airport, from a technical standpoint, the permission would not be granted.

Mr. **Sunia.** Thank you, Mr. Chairman.

Mr. **Mineta.** Congressman Rowland.

Mr. **Rowland** of Georgia. No questions.

Mr. **Mineta.** Counsel? Mr. Ziegler? Nothing?

Mr. **Ziegler.** No, sir.

Mr. **Mineta.** Well, Secretary Scocozza, let me again thank you for your presence here and for your testimony. We appreciate it very much.

Mr. **Scocozza.** Thank you, Mr. Chairman, for the opportunity to be here this afternoon.

Could I ask—the information that you indicated, that some people had indicated that they feel that there are unusual delays before the Department, we would love to understand what the background of that is, on an anonymous basis, because that troubles me. I don't believe that is the case, and we would like to get to the bottom of it.

Mr. **Mineta.** I don't know how anonymously we can get it to you.

Mr. **Scocozza.** We might just read the record today and hear about it. [Laughter.]

Mr. **Mineta.** In any event, we will discuss that with you.

The subcommittee will stand in recess until 1:45 p.m.

[Whereupon, at 1:08 p.m., the subcommittee recessed, to reconvene at 1:45 p.m., the same day.]

[Hon. Matthew V. Scocozza's prepared statement follows:]

STATEMENT OF MATTHEW V. SCOCOZZA, ASSISTANT SECRETARY FOR POLICY AND INTERNATIONAL AFFAIRS, DEPARTMENT OF TRANSPORTATION

Thank you for the opportunity to appear before your subcomittee today to provide the Department of Transportation's views on the impact of Gramm-Rudman-Hollings and the President's FY 1987 budget on aviation programs and our ability to administer those programs. Deputy FAA Administrator Jones has indicated how the Federal Aviation Administration would handle its functions in light of these budget reductions. I will address all of the other aviation functions being handled by the Department.

Because of the transfer of the Civil Aeronautics Board's responsibilities to the Department 14 months ago, the Department had a substantial increase in its aviation responsibilities and workload. We are proud of the way we have absorbed those responsibilities and improved on the government's ability to handle the aviation programs and issues. We have strived to maintain high standards of program management and decision-making while simultaneously endeavoring to streamline procedures and improve efficiency. We have also tried to eliminate unnecessary regulation and reduce regulatory delays in an effort to be more responsive to the needs of both the traveling public and the industry as well as to increase our own efficiency.

The success of our efforts enables us to absorb a 4.3% cut in funding this year, as a result of Gramm-Rudman-Hollings sequestration. For FY 1987, the President's budget for the Office of the Secretary of Transportation (OST), where virtually all aviation functions other than the FAA's are performed, proposes a slight increase in funding (3% over enacted FY 1986 levels prior to sequestration), primarily for increases in space rental adjustments and research and development.

The FY 1987 budget proposes to reduce authorized positions in OST by 7% below the FY 1986 enacted budget (prior to sequestration) in part due to the proposed elimination of the EAS program. We intend to accomplish this reduction through attrition and more efficient administration of OST responsibilities in both aviation and non-aviation programs.

Given adoption of the President's budget, the Department will be able to administer all phases of aviation policy and programs within anticipated budget levels.

I would like to summarize briefly some of our efforts in administration, procedures and policies that have had a significant impact on improving our efficiency.

On January 1, 1985, when the Civil Aeronautics Board was sunset, the Department received approximately 300 employees from the Board to work on aviation programs that had previously been handled by the Board. During 1985, we integrated those employees into the Department with a view toward achieving greater organizational efficiency by eliminating duplicative overlap and utilizing people in the most productive manner. Some of the benefits of this integration from a cost standpoint are obvious. For one, administrative costs—such as payroll and personnel—associated with the number of employees that were at the CAB can be handled more efficiently in a larger organization like the Department's. There have also been substantial advantages with respect to productivity and labor costs as a result of this integration. Employees that were utilized at the Board in narrow work areas are now being employed in other areas of the Department's work. For example, economists and lawyers from the Board are now handling not only aviation matters but also assignments of non-aviation offices within DOT. With respect to the lawyers, while the Board had separate legal offices assigned to various bureaus within its organization staff as well as a General Counsel's Office, we have placed all the legal support staff within the Department's General Counsel's Office. This approach increases the flexibility and capability of the Department to administer both aviation and nonaviation programs.

Reduction in staffing requirements for international negotiations is another example of greater personnel efficiency and reduction in staffing costs since the CAB's sunset. Prior to 1985, international negotiations were handled jointly by representatives from the Department of State, the Department of Transportation and the Civil Aeronautics Board. These negotiations are now conducted with staff from just two Departments.

In the area of procedures, we have undertaken efforts in a number of areas to reduce work and become more efficient.

Primarily, we have streamlined the decision-making process. Of particular benefit in this regard is the fact that decisions at the Department are being made by one person compared to a five-member Board, which required greater support staff and work item processing.

In addition, we have attempted to resolve aviation issues and problems by informal procedures whenever possible, not only in an attempt to reduce the costs to the government but in an effort to be more effective and responsive. For example, in dealing with the secondary bias problem of airline computer reservation systems, we worked directly with the air carriers to obtain a solution that was far quicker, more effective, and required far less government staffing than if we had pursued a regulatory solution.

Our success in informal process has also resulted in a large reduction in the number of orders issued. In 1984 the CAB issued 1,438 orders, whereas in 1985 DOT issued 1,030. That is a 28% drop and represents huge savings in manhours that are now dedicated to other activities.

Similarly, we have tried to minimize the use of formal hearings for processing applications under the Federal Aviation Act. Formal hearings are extremely time-consuming and require large commitments of staff resources. We are convinced that the vast majority of aviation proceedings can be handled under non-hearing procedures without impairing the rights of any parties or the quality of the record and decision in the cases. Let me give you some idea of how successful we have been in this regard. In 1984 the CAB set 36 proceedings for hearing before a judge and actually held 25 hearings. DOT in 1985 set only 7 proceedings for hearing and actually held 3 hearings. That is an 88% drop in hearings in one year and represents a huge savings in government and airline resources. The administrative law judge staff brought over from the CAB has diverted much of its time to handling non-aviation hearings in support of other Administrations in DOT. Other DOT staff, such as aviation lawyers and economists, who would have had to spend most of their time in the hearing process, have been freed up to handle other work.

In the area of international tariff filings, which is an enormous workload of more than 500 tariff pages filed each day, containing 25,000 changes in fares, rates, and rules, we have initiated rulemaking to establish a computerized tariff filing system. This will take several years to accomplish, but it promises to reduce the staffing needed by both DOT and the airlines significantly.

Another area that is time-consuming and can be simplified is name changes by airlines. Under the current procedures, inherited from CAB, we must review airline names to determine if there is similarity that could infringe on an established carrier's reputation or confuse the public. This can be a time-consuming and frustrating exercise for the federal government. Therefore, we intend to propose a change that would eliminate DOT as the middleman, and make the carriers work this out themselves, relying on the courts if all else fails.

The aviation information management program will continue to provide useful, timely economic aviation information in Fiscal Years 1986 and 1987. The program is administered by the Department's Research and Special Programs Administration. It produces both financial and statistical facts on the results of air carrier operations. The data is important to both the Office of the Secretary and the Federal Aviation Administration to carry out aviation program responsibilities under the law. In Fiscal Year 1986 RSPA will realign the aviation information program by contracting out some of the data collection functions to Transportation Systems Center. Costs for these operations will be recovered on a reimbursable basis from both Federal and non-Federal users who derive benefits from the data. Beginning in Fiscal Year 1987, this and the elimination of the EAS data collection functions will reduce the need for RSPA's positions by 15 and appropriated funds by $632,200.

In conjunction with the administrative and policy efforts that we are undertaking at the Department to reduce operating costs, a key element to our being able to administer aviation programs within the upcoming budget constraints is that Congress approve the President's proposals to reduce funding for transportation assistance programs.

In the aviation area, we are continuing, because the law leaves us no discretion, to subsidize air service to many small communities under the essential air service program where there is very little benefit. Many of the communities that are currently receiving subsidized air service under this program are within convenient driving distance from alternative air transportation centers. For example, Lewiston, Maine, is only 35 miles from Portland, yet we spend $209,000 per year in subsidy there: Manitowoc, Wisconsin, is only 40 miles from Green Bay and we spend $238,000 there; and Winston/Salem is only 26 miles from Greensboro but costs the taxpayer $107,000 per year in subsidy. Furthermore, the majority of communities receiving subsidized air service are enplaning extremely low levels of traffic—under 10 passengers per day. As a result, the subsidy burden of providing service is often over $100 per passenger.

We have been endeavoring to persuade communities with extremely low traffic levels to forego their subsidized essential air service. We have conducted voluntary use-it-or-lose-it tests at three points—London/Corbin, Kentucky, and Greenville and University/Oxford, Mississippi—where the communities agreed to forego their subsidized air service if traffic did not respond to a higher level of service during the test period. Based on continuing low traffic levels during the test period, subsidy for service to these communities has been discontinued. In a similar effort, we recently contacted the Mayors of Kokomo, Logansport and Peru, Indiana, about discontinuing their air service subsidies. The communities, which are served through a common airport, are about 55 miles from Indianapolis, and are currently enplaning only 4 passengers per day. Their subsidy is almost $300,000 per year, or $120 per passenger. We feel very strongly that subsidy obligations for communities such as these should be eliminated.

Before concluding, let me interject a few words of caution. Since the sunset of the CAB, we have had attrition among the staff handling aviation economic regulation and we have not filled positions as they were vacated. We compensated for this and will continue to do so in Fiscal Year 1986 in large part by adapting our procedures, policies, and regulations to enable work to be accomplished more efficiently. But we have also asked our staff, professionals and secretaries alike, to pick up must of the workload of those staff who left the Department over the past 15 months.

We will experience a further, 7% cut in authorized positions in Fiscal Year 1987 and will still be able to carry out our responsibilities. However, if Congress chose to retain some or all funding for the EAS program, we could not offset that within the Office of the Secretary by taking a reduction in our administrative (*i.e.*, staffing) account. Such a reduction would mean, for example, that we would be hard-pressed to act on merger and new economic fitness applications on a timely basis and to monitor the continuing fitness of airlines. At this time, given the significant new merger activity in the airline sector, it would be foolhardy to hamstring the organization that is charged with overseeing these matters.

Therefore, I urge to support the President's budget and commit to you that, within that budget, we will be able to administer all phases of the aviation program effectively.

AFTERNOON SESSION—1:58 P.M.

Mr. MINETA. The Aviation Subcommittee will please come to order. We have a very distinguished panel before us right now representing the Air Transport Association, with Mr. Fleming; the Airport Operators Council International, with Mr. Wigington; Air Line Pilots Association; Mr. O'Brien; and Mr. Stephen with the Regional Airline Association; and Mr. Hedrick with the American Association of Airport Executives.

All the statements will be made a part of the record, and so, Mr. Fleming, why don't we start with you?

TESTIMONY OF J. ROGER FLEMING, SENIOR VICE PRESIDENT, TECHNICAL SERVICES, AIR TRANSPORT ASSOCIATION OF AMERICA; ROBERT W. WIGINGTON, DIRECTOR, GOVERNMENT AFFAIRS, AIRPORT OPERATORS COUNCIL INTERNATIONAL; ALAN R. STEPHEN, EXECUTIVE VICE PRESIDENT, REGIONAL AIRLINE ASSOCIATION; JOHN O'BRIEN, DIRECTOR OF ENGINEERING AND AIR SAFETY DEPARTMENT, AIR LINE PILOTS ASSOCIATION; AND LARRY HEDRICK, GENERAL MANAGER OF AIRPORTS, NIAGARA FRONTIER TRANSPORTATION AUTHORITY, AND FIRST VICE PRESIDENT, AMERICAN ASSOCIATION OF AIRPORT EXECUTIVES

Mr. FLEMING. Thank you, Mr. Chairman. I will summarize my statement.

You noted in your opening remarks this morning, and subsequently in question and answer dialog with the FAA, that the effects of Gramm-Rudman-Hollings and the budget request combine to severely undermine the fundamental basis upon which the Airport and Airway Improvement Act of 1982 was legislated—that the aviation trust fund be used to enhance the safety and capacity of our Nation's airport and airway system.

Instead of a continuing and resolute commitment to the purposes of the trust fund and its programs, we now have the distressing combination of an enormous surplus, substantial system development and operating needs, deficiencies in FAA appropriations compared to authorized levels, and aviation user tax revenues held hostage to the general fund deficit problem.

Now on top of this is added the prospect of damaging cuts in FAA's facilities and equipment account, research, engineering, and development account, and the Airport Improvement Program spending, if the administration's fiscal year 1987 budget request is enacted.

That budget request for FAA is predicated on total budget targets established in accordance with provisions of Gramm-Rudman-Hollings. Those targets for FAA bear no relationship to aviation trust fund resources or what is required for a safe and efficient aviation system. An even more alarming possibility is that all FAA accounts would suffer across-the-board cuts of 15 percent or greater if the Gramm-Rudman-Hollings sequestration process comes into effect.

Mr. Chairman, the airlines believe they have an obligation to call attention to the impact on the traveling public that would result if these severe cuts are put into place:

Enactment of the administration's fiscal year 1987 budget request or implementation of mandatory Gramm-Rudman-Hollings would compromise air traffic control system modernization and airport capacity improvements.

The future vitality and growth of air transportation would be impaired.

The FAA would be forced to shrink system capacity to ensure aviation safety, resulting in intolerable inconveniences, delays, and related travel disruptions to more than 400 million air travelers.

Finally, the shipping by air of cargo, small packages, and mail would be seriously impeded.

To review some of the pertinent history, since 1982 the F&E, AIP, and RE&D programs have been underfunded by about $1.5 billion from approved authorizations. The administration's budget request would result in program cuts of another $700 million, bringing the total shortfall to $2.2 billion over the 5-year life of the authorizing legislation. While cutting user-tax supported programs by 30 percent from their authorized levels, the administration proposes to amend the authorizing statute to permit the funding of $2.1 billion of FAA operation and maintenance costs.

The ATA member airlines strongly oppose this proposal, which would destroy the basis upon which high user taxes were imposed in 1982. The administration's companion proposal to disallow the interest which the trust fund earns on its balance is also a breach of trust and is opposed, and we very much appreciate the comments you made in your colloquy with the FAA to that effect.

Under either the administration's fiscal year 1987 budget request or Gramm-Rudman-Hollings sequestration cuts, it is clear that the NAS plan would be seriously degraded. We heard testimony from Mr. Frisbie this morning which indicated that FAA is undertaking some very adroit maneuvers to make short-term adjustments to keep the core of the NAS plan on schedule, but it is also clear from your line of questioning of FAA that what they are doing is pushing into out years the necessity for funding.

Last year FAA told us they were able to protect major NAS plan projects—and again they said that this morning—by delaying other supporting projects, but this short-term expedient, in our view, is no longer a viable option.

The airlines clearly recognize that the national airspace system must be modernized for it to meet the operational and capacity challenges of the future. We supported the NAS plan when it was announced by FAA, and we supported the establishment of tax and spending levels adequate to implement it on a timely basis. We continue to support NAS modernization.

However, we grow increasingly concerned about potential slippages in implementation of those major core components such as the advanced automation system, which we heard this morning has slipped at least 6 months. If other major components slip as the fiscal year 1987 funding request envisions, the financial and technical viability of the NAS plan as we have known it to date is in question. Undoubtedly, total program costs will escalate dramatically.

When the aviation user taxes were renewed in 1982, the enormous development requirements of the airport system were also universally recognized. The need for airport capacity enhancement and expansion continues to be indispensable to the future of the aviation system.

The administration's 1987 budget request of $712 million for AIP falls $305 million short of the authorized level for fiscal year 1986 and $600 million short during the 5-year authorization period. This funding deficiency has virtually destroyed FAA's ability to make meaningful discretionary grants to airports where safety and capacity projects require more than can be funded solely by entitlement allocations.

Mr. Chairman, beyond the immediate budget crisis, which must be addressed, your subcommittee is well aware that the authorizing legislation for the trust fund and its user-funded programs expires at the end of fiscal year 1987. The reauthorization process will provide an opportunity to explore new ways of funding and operating the national airspace system and to ensure that aviation programs in the future are freed from the inequities that have existed during the past 15 years.

ATA is now examining whether a Federal corporation would be a more efficient and financially sound way to operate, maintain, and develop the ATC system. The possible benefits of funding airport development through a Federal corporation are also being explored.

By removing the airport and airway programs from the annual Federal budget battles and the constraints of certain personnel, procurement, and financial policies under which the FAA must currently operate, the NAS plan airport improvements and the growth of the air traffic control system may well be more expeditiously and efficiently accomplished.

We strongly support your past efforts and will join with you and others in continuing efforts to remove the trust fund and aviation programs from ongoing budget constraints and the adverse effects of Gramm-Rudman-Hollings. Such action is well founded in terms of both the equity of the user-paid trust fund concept and the major financial commitments needed to fund the NAS plan and other airport and airway safety and capacity improvements.

Thank you, Mr. Chairman.

Mr. MINETA. Thank you very much.

Mr. Wigington is representing AOCI.

Mr. WIGINGTON. Thank you, Mr. Chairman.

My name is Rob Wigington. I am the director of governmental affairs for AOCI.

We certainly would concur with many of your statements and those of your colleagues this morning. We are happy to be here to express AOCI's great concern over what we see as a grave situation facing the Nation's airport and airway system.

First, I want to report that the funding of the Airport Improvement Program over the past 4 years has been a bitter disgrace. Our experience with the program has been both frustrating and disappointing, to say the least.

As you have noted, in 1982 aviation users were told that if they agreed to pay increased levels of taxes to a Federal trust fund, they would be assured the specific and dedicated expenditures for airport and aviation facility improvements that all agreed were necessary.

As you know all too well, Mr. Chairman, the congressionally authorized levels that were established for the AIP Program at that time have never been met throughout the existence of the program. Now we are told that the Airport Development Program must be reduced by an additional $40 million for the balance of fiscal year 1986 because of Gramm-Rudman-Hollings, and may suffer another 20-percent reduction in fiscal year 1987.

Airports are willing to contribute their fair share toward reducing Federal deficits. But I submit that we have already paid our dues in each and every appropriation that has cut back the AIP Program expenditures.

Funding for the airport grants program was cut back some 9 percent from the $1.017 billion authorized in fiscal year 1986, leaving $925 million, the same level as in fiscal year 1985. Then, on March 1, as you know, of this year, that level was further reduced by 4.3 percent, leaving $885 million as a result of Gramm-Rudman. The brunt of those cuts will be felt in the discretionary program, which will suffer a 17-percent reduction from approximately $130 to $106 million.

I would like to be sure that Congressman Lightfoot is aware that his numbers are correct. Despite what the FAA said today, those cuts are not being administered proportionately, not so much due to the fault of the FAA but because of the percentage formulas in the AIP Program, and what is being left over for discretionary money takes the brunt of those cuts.

We believe that cuts of this magnitude will seriously jeopardize needed safety and capacity projects at many airports. The FAA will be hard pressed to award discretionary grants to those airports having the greatest need for pressing capacity enhancement projects.

Some of our airport members have already been informed by the FAA that commitments made to them for discretionary funds to expand runways and finance other essential projects must be stretched out or deferred because of the March 1 reductions.

Many airports rely on the discretionary program to provide funds for safety and capacity enhancement projects, particularly where entitlement funds are insufficient. Those airports which had commitments for fiscal year 1986 are now faced with the choice of delaying or abandoning those projects.

We have further fears, however, that it will not end there, that efforts will be made to raid what is left of the airport discretionary program to provide additional funding for FAA operations and other programs. We understand that FAA may freeze fiscal year 1986 discretionary moneys and is eyeing some $50 million, or 50 percent of the remainder, for transfer to its own operations account. It appears that the airport program will pay more than its fair share of Gramm-Rudman, while other FAA programs escape further reductions.

As serious as the reductions for fiscal year 1986 may be, airports face even deeper problems, for the administration's fiscal year 1987 budget would further decimate the AIP Program. The $712.5 million request for AIP would fall $305 million short of the authorized level for fiscal year 1987, leaving the 5-year AIP Program underfunded by over $665 million.

It would represent a 23-percent reduction from the $925 million funding level provided in the continuing resolution for fiscal year 1986. The entitlement program, by formula, would be cut 20 percent in fiscal year 1987 to some $356 million, while discretionary funds would suffer a 36-percent reduction to some $83.3 million.

The administration's fiscal year 1987 budget would further erode public confidence in the aviation trust fund by taking some $2.1 billion from the capital program accounts to help cover FAA operations and maintenance costs. Aviation users would thus shoulder the greatest share of FAA operation expenses and witness their user taxes being diverted from the purposes for which they were dedicated.

AOCI strongly opposes such misuse of the trust fund. We also oppose the administration's attempt to eliminate interest payments to the trust fund which have been earned on its balance.

The need for expanded airport facilities for safety and capacity has been well recognized. The FAA's national plan of integrated airport systems projected AIP-eligible development needs for commercial service airports of $12.3 billion for the 10-year period 1984 to 1993. Of that amount, some $6 billion will be needed to enhance system capacity.

AOCI estimates that total development costs at these airports is close to $27 billion over that same period. Our own survey for the 5 years from 1986 to 1990 reveals capital development needs of $19.4 billion.

The AIP Program plays a critical role in airport development. To fully meet needs of such magnitude over the next 5 years will require nearly $1.3 billion in Federal grants annually. This would assume, however, that airports retain their ability to issue tax-exempt bonds to finance the balance of capital development costs—by no means a safe assumption in light of efforts to constrain and reduce such financing as proposed in the new tax reform legislation Congress is now considering.

The Federal commitment to modernize and expand the national airspace system makes it critically important that airport development needs be met concomitantly. Development and expansion of the airspace and airport systems must go hand in hand. The Nation can forget about using its expanded airspace system unless adequate resources are made available to increase airport capacity.

Airports can barely handle today's air traffic demand, as evidenced by the growing number of airports operating at or above capacity limits and projections that some 40 airports will face capacity constraints within the next 10 years. The inextricable problems of aviation safety and capacity will only be compounded by underfunding of the airport program and further budget reductions.

In conclusion, Mr. Chairman, the airport situation today is bleak and appears bleaker as we look to the future. Unless action is taken immediately to address these problems, the airport and aviation system will deteriorate and will be unable to keep pace with the growing demand for air transportation services.

The first step must be to restore the integrity of the aviation trust fund and assure full funding of the vital programs for which user taxes have been dedicated and are available. The financial resources are there in the trust fund, but what is lacking is the resolve of Congress and the administration to set their priorities straight and live up to their commitments.

We appreciate your full support for full funding of aviation trust fund programs and your efforts, along with many of your committee colleagues, to remove the trust fund from the unified Federal budget. In light of Gramm-Rudman-Hollings, we strongly believe that it is even more critically important now to free the trust fund from the Federal budget and the unacceptable and inappropriate spending reductions.

At the same time, we must look beyond the current AIP Program to determine how best to meet the future needs of the aviation system. Recognizing the failures and shortcomings of the current AIP Program and the very likely prospect that the administration will propose a further drastically scaled back program for reauthorization down to possibly as low as $500 million, AOCI has serious doubts about supporting continuation of the program in its present form.

AOCI and other industry groups have begun to explore alternatives. This dialog is only beginning, and the direction we ultimately take will be greatly influenced by whether trust and integrity are restored to the trust fund and, finally, the commitment of Congress and the administration to aviation needs. We look for your leadership, Mr. Chairman, and hope to work with you and the members of the Aviation Subcommittee throughout this debate.

Thank you.

Mr. MINETA. Thank you very much.

Mr. Stephen, Regional Airline Association.

Mr. STEPHEN. Thank you very much.

The statements that were made by ATA and AOCI, I think, if I were to go through mine, would highlight many of the same points that have been made about the integrity of the trust fund and about the levels of funding—underfunding, as it were—for important programs. I would like only perhaps to add to what they have said rather than go through and repeat.

Our organization, like virtually everybody else in aviation, is extremely concerned over where we are going, both in moving ahead with the investment in the airport and airway infrastructure and, of course, what Gramm-Rudman-Hollings means beyond that.

I think, to put it in perspective, you really have three capital programs that are completely interdependent. To build airspace capacity without airport capacity does not make sense; the two have to move together. The RE&D programs of FAA, of course, give us hardware that is critically important to safety and to development of capacity.

The importance of these three capital programs, I think, can be illustrated by several very important points. The first is that approximately $1 in every $3 spent on airport capital investment in terms of runways and ramps and other eligible products comes from the aviation trust fund, so it is very important to moving ahead with those projects at our airports around this Nation.

Today there is about $3 billion in grant applications on file with FAA, and yet we are looking at an airport program of only $712 million. The FAA has stated repeatedly that about 30 percent of all their airport projects are safety related, and that would suggest that just the $712 million would barely be able to keep pace with just keeping the airports safe in 1987. It would leave very little money left over to do the other two important aspects of the grant program, which are airport standards and capacity. The numbers that have been cited by both ATA and AOCI, I think, are evidence of that.

In the F&E Program, the bow wave is moving forward.

Depending on how you account it, we are at least $1.2 billion behind on that program. The FAA has stated that they will have to take nine programs out of the F&E, the full funding status, including microwave landing system deployment. It is very important to us because we slow down microwave landing system deployment and we don't have ILS procurement; there is no position aid program in place; and we have several hundred airports regularly served by airlines that do not have full position approach landing aids; and we have many hub airports where capacity can be improved by adding extra landing aids on secondary runways and therefore improving overall capacity.

Recently we had a tragic accident related to wind shear. Many of the programs that are part of RE&D phase right now—for example, the terminal Doppler radar—are in the research and engineering phase. When we cut that program by 30 percent down to $134 million, it means one thing, despite what FAA said. It means slowing down of those programs, and it means many of those programs, if they are not slowed down, are taken completely off the priority list.

AOCI has chaired a task force which has made a number of recommendations; ATA has made a number of recommendations to FAA on how we can increase capacity by doing some of these research projects, and they are still not being done.

Finally, the Gramm-Rudman process would mean that we are going to take a pretty good hit this year; in fact, it appears that unless the supplemental is sent forward, we may be faced with agency-wide employee furloughs, which has, of course, a devastating effect on airport/airways capacity and development projects.

But, as has been pointed out, 1987 looms ahead. Even if we are able to achieve a budget for the FAA and it is enacted and signed by the President, if there is any other failure on the part of appropriations process to come to grips with these target levels of $144 billion, that means Gramm-Rudman goes right down, program by activity by project, in 1987. So we are faced not only with budget priorities that have been proposed but Gramm-Rudman on top of that.

Those numbers are staggering, as you are well aware, perhaps 15 to 20 percent and a billion dollars or more. In our statement, we of course cited the fact that you will see the shrinkage of the airspace capacity by increased use of flow control, aircraft groundings, missed connections for passengers, and deferral of important NAS investments.

I might add that NAS modernization is estimated to save as much as $20 billion in operational costs because of efficiency and productivity that comes with it. The longer we delay that NAS modernization, the longer we delay receiving the benefits of those efficiencies in the air traveling public and the taxpayer and the cost of these systems.

Finally, we are seeing, as we sit right now, that FAA may be protecting certain programs like air traffic controllers and safety inspectors and sky marshals, but other programs of FAA are just as important and are being subject to big delays, with slowdowns in the issuance of safety regulations, a slowdown in aircraft certification, a slowdown in the ability of FAA to maintain the existing facilities and equipment.

The current level of staffing of airways technicians is below that authorized. Indeed, the agency is being asked to do its job with 10,000 less employees today than it had just 8 years ago, and I think, with the concern of Congress and the American public, and the concern that all of us share on safety, we want to make sure that every single job is justified in FAA and that any cuts that are made are not going to deteriorate safety.

Again, we agree with the others in saying that your leadership has been very important, and we continue to support that, and your efforts to both achieve full funding of these programs and to protect the aviation trust fund from raids, from being held hostage on budget deficits, and, of course, the impact of Gramm-Rudman-Hollings on these important programs.

Thank you for your leadership in holding these hearings.

Mr. **Mineta**. Thank you very much, Mr. Stephen.

Let me call on Mr. O'Brien from the Air Line Pilots Association.

Mr. **O'Brien**. Thank you, Mr. Chairman.

In the interest of time, I will present an oral summary of our written statement, which has been presented for the record.

Before addressing the issues described in the hearing notice, I would like to comment briefly on the safety of our air transportation system. I believe this is necessary if you are to fully appreciate our comments concerning the effect of potential budget cuts on the Federal agency responsible for establishing the minimum safety standards for our industry.

Last year was a record year for commercial aviation. Unfortunately, it was the wrong kind of record, one that we certainly do not want to repeat in 1986. However, despite widespread public misunderstanding of what has happened, our system is indeed safe. We have patiently explained to anyone who would listen that the spate of accidents in 1985 was not caused by any drastic changes in level of safety for commercial air transport.

These accidents resulted from safety problems that have been around for quite a while. The fact that so few accidents occurred in 1984, and so many happened in 1985, was a statistical fluke. In 1986, we could repeat the catastrophic problem of the period just ended or revert to the safety record of 1984. The odds for either are almost unchanged.

With the exception of the word "almost," we can take some measure of comfort from the fact that our air transportation system is not coming apart. Flying on a U.S. scheduled airline still is the safest way to get from point A to point B.

Earlier, I said the outlook for aviation safety conditions in 1986 will be almost unchanged from 1985. By that I mean that we are not facing a sudden catastrophic failure in the safety regulatory system. What we are facing is a slower but potentially more serious erosion of the entire safety system, which started several years ago and could continue through 1986 and beyond.

There are two primary causes for this erosion, and both are byproducts of airline deregulation. The rationale is simple: First, safety costs money, and price competition means that airline managers are being forced to make tough decisions on safety expenditures. All too often, safety is losing out to cost cutting, not everywhere or every time, but enough to cause concern.

The second cause for the current erosion of safety is the unwillingness of some in Government to recognize that deregulation has costs associated with it. These are the costs required to provide the FAA the means to keep up with a rapidly expanding industry. This causal factor can be significantly impacted by the issues you are examining during this hearing.

To its credit, the FAA is making an earnest effort to keep the system safe. But it cannot do it with its current resources. For example, the number of airlines has gone up 122 percent since 1979, while the number of FAA inspectors has fallen 30 percent. Even with the recent authorized hiring of 500 additional inspectors, the FAA will not be able to fulfill all of its inspection and enforcement responsibilities, and this is only the tip of the iceberg.

The special FAA white glove inspection of 1984 and the special emphasis on maintenance placed in inspections during 1986 were appropriate actions, and we have welcomed them. However, both of these efforts confirm what we and others have been saying all along: The FAA cannot do the job properly on a routine, day-to-day basis with its current manpower and budget. This assessment is supported by the memorandum on evaluation of National Air Transportation Inspection Program reports issued by the FAA in April 1985.

Slowly but surely, the combined effects of cost competition, explosive growth, increasing crowdedness in the skies, and the FAA's inability to cope are pushing us in the wrong direction.

With that introduction to our assessment of the safety situation which is currently facing us, I would like to comment very briefly on a few items in the four main budget areas that the FAA has to deal with. These items are what might be considered minor items when compared to air traffic controller staff or FAA air carrier and maintenance inspector force, but they are very important items because they are all safety related.

In the area of operations, even though the FAA operations and maintenance will receive a slight increase in the 1987 proposed budget, there are programs or activities in this budget area that are facing cuts, for example, flight inspections. We are aware that the procedures sections in the flight inspection field offices are understaffed and are experiencing difficulty in keeping up with the ever-increasing workload.

At present, a large percentage of the specialists who are assigned to develop and maintain instrument flight procedures are trainees. We further understand that the formal FAA Academy training in procedures development has already been deleted because of existing budget constraints. This means that experienced procedures specialists must devote valuable production time to training. This situation has unsafe side effects.

Instead of allowing reductions in this area, Congress should direct the FAA to increase the staffing and training of the procedures specialists and provide sufficient funds to ensure that both the development and maintenance of instrument flight procedures and flight inspection of navigation aids be supported at a level that will guarantee no derogation of our airspace system and that will accommodate future developments as modern technology overtakes today's state of the art.

Airport inspections come out of operations and maintenance funding. Inspection of the 701 air carrier airports is a vital link in the level of safety expected by air carrier operations. The immediate effect of the budget cuts in this area—that is, this year—is to discontinue that portion of the airport inspections conducted under contract by the States.

The purpose of these inspections is to gather technical data on obstructions and to gather physical data on the condition of airports and navigation aids. It is this information that is shown on the approach plates, charts, and maps used by pilots and air traffic controllers.

The secondary effect of the noted cuts is an overall reduction, estimated to be 15 percent, in the number of FAA airport inspectors. Although, as noted earlier, there is a proposal to increase the FAA operations budget for 1987, this increase will not be used to recoup the loss in airport inspectors caused by the reductions in the operations budget for 1986.

This is ironic when you consider that the FAA, in response to the NTSB and industry effort, is in the process of improving the regulations dealing with airport certification. In other words, at a time when the FAA is bolstering the airport regulations—regulations that will require additional monitoring and inspections—the FAA is being forced to make drastic cuts in the personnel necessary to conduct these inspections. In the areas of facilities and equipment, I will digress a little bit from my stated intent to only discuss minor items, only because of some comments made by Mr. Frank Frisbie this morning concerning the impact of budget cuts on the National Airspace System Plan.

As you know, this is an ongoing program, a key element of which is aimed at replacing existing ATC computer systems which are not adequate for handling the projected growth in aviation traffic beyond the late 1980's. The new computers are a basis for several safety improvements which cannot be accommodated by existing computers because of capacity limitations.

Budget cuts in the engineering research and development area—also in the facilities and equipment line items—have already delayed key portions of this program up to 3 years, in spite of what we heard to be only 6 months in testimony given by FAA earlier. To see this, all you have to do is simply look at the original brown book published by the FAA which contained milestones for implementation of the improvements, for the National Airspace System Plan, and compared them to the program as it currently exists, and you can see up to 3-year delays in some already.

The proposed further cuts in fiscal year 1987 over those amounts originally authorized would extend the program over a longer period and result in additional cost overruns. To ensure that the future growth of aviation can be safely and efficiently accommodated in the National Airspace System, congressional support for the current level of funding for the National Airspace System Plan is critical. When I say current, I mean the originally authorized levels.

A smaller item, but again an important item for us: Present traffic control radars are not designed for, and are incapable of, accurately locating aircraft on the ground. In poor visibility conditions, a controller, and quite often another pilot, cannot determine if an aircraft is clear of the runway or taxiway. During the past 10 years, there have been several collisions between aircraft and other vehicles on the airport surface in low visibility conditions.

Also of serious concern to ALPA are the numerous runway incursions that have occurred and are increasing at an alarming rate. All of these accidents and incidents might have been avoided if an effective and reliable surface radar had been available. Such equipment is available. All we need is to have the funds appropriated to purchase and install it.

In the area of research, engineering, and development, for 1987 Congress originally had authorized $193 million, as we have heard earlier. But again, this has been reduced in the President's budget by over $134 million. In our opinion, this will result in drastic measures being taken by the FAA to stay within these funding levels.

With this in mind, we feel that certain programs, in the interest of safety, must be protected or, in some cases, increased. Such programs which fall into this area are the Traffic Alert and Collision Avoidance System, which we feel needs an additional $3.5 million authorized a year for the next 3 years so the FAA can continue with its evaluation of TCAS II and Limited Implementation Program and also continue on with a similar evaluation of TCAS III.

We have a Human Performance Research Program that the FAA has finally defined as of January last year, after 4 years of effort. This program is going to require several million dollars a year worth of appropriations and work. Right now, there is no money available to conduct this program. This program was developed after 4 years of industry deliberations over what needed to be done and actually what human factors really were.

You have heard much about the Airport Improvement Program. I will not repeat what we have just heard. We agree with it all, and we recommend that the funding levels or appropriations levels be increased to the original level that was authorized; that is, $1.017 billion for 1987.

At a time when, due to deregulation, traffic at air carrier airports is increasing appreciably and resulting in a need to add safety improvements, it does not make sense to reduce the funds available to keep these airports as safe and as capable of handling this traffic demand.

Since Congress has mandated that the FAA improve airport safety, it is imperative that funds for airport improvements through the AIP be restored to the $1.017 billion level that I just mentioned. If not, the weakest link in the air safety system will be the air carrier airports.

Over the past few years, the FAA has not been provided with the resources necessary to carry out its basic safety mandate. This has led to the establishment of priorities based on inadequate funding levels that have not, in all cases, been in the best public interest from a safety perspective.

To remedy this situation, Congress must: Appropriate funds in an amount which will provide the necessary resources; two, provide directives to FAA where necessary so that proper priorities will be established in view of today's difficult funding problems; and, three, create legislation where funds and directives are not sufficient.

The FAA has many programs, projects, and activities that are underfunded, in spite of the fact that there is a surplus in the aviation trust fund. The aviation trust fund consists of moneys collected by passenger ticket taxes and aviation fuel taxes paid by general aviation. For a number of reasons, these funds are not made available to the FAA. This amounts to a basic breach of faith between those who pay the taxes intended to fund the safety improvements and those in Government who approve budgets or appropriate funds.

A practical solution to this problem is to use the trust fund as it was intended, by enacting legislation that would remove the trust fund from the unified budget. We applaud the effort that you and members of this committee made last year, and we wholeheartedly support the legislation introduced this year by Senator Kassebaum and Representative Molinari.

Thank you.

Mr. Hedrick.

Mr. HEDRICK. Thank you, Mr. Chairman.

My name is Larry Hedrick. I am the general manager of airports for the Niagara Frontier Transportation Authority. We own and operate both the Niagara Falls International Airport and the Greater Buffalo International Airport.

I am also serving this year as the first vice president of the American Association of Airport Executives. AAAE is a professional management association representing over 1,200 airport executives who are responsible for the planning, management, and operation of over 600 airports nationwide.

AAAE applauds these timely hearings on the effects of President Reagan's fiscal year 1987 budget and Gramm-Rudman-Hollings on aviation programs. Although we are not qualified to comment on FAA air traffic control or inspector staffing levels, I will today attempt to present several items of concern to AAAE and professional airport executives regarding airport safety.

If funding for the Airport Improvement Program is cut by 30 percent in fiscal year 1987 from the authorized level of $1.017 billion, as proposed in the President's budget, many important airport safety programs could be canceled or seriously delayed. I will touch on some of these programs today, including runway safety overrun areas, crash-fire-rescue services, runway friction-measuring devices, and control tower operations at smaller airports.

In September of last year, an Eastern 727 slid off the runway at Washington National Airport during an aborted takeoff. Fortunately for those people on that flight, National Airport officials had just completed a safety overrun area that prevented the Eastern jet from ending up in the Potomac River. All of us in the aviation industry shudder to think about the consequences had not that overrun been built.

If airport grants are reduced for the next fiscal year, other airports might be prevented from constructing similar critical safety overrun areas as well as other airside projects to increase safety margins.

Mr. Chairman, another airport safety item that could be threatened as a result of the reduction in FAA's budget is in the area of crash, fire, and rescue. As the committee knows, certified airports are required to provide fire protection at their facilities under Federal Aviation Regulation Part 139. Unreasonable and unnecessary cuts in AIP will certainly have a negative impact on the ability of airport operators to purchase state-of-the-art CFR equipment.

A third area of immediate concern to airport executives in the snow belt region of the United States is the prospect for reduced funding for the purchase of runway friction-measuring devices which are eligible for Federal funding. Chairman Mineta, as you are aware, the aviation industry, together with FAA and NAA, has been cooperating to establish a standardized runway friction program at public-use airports.

This program, when implemented, will add a greater degree of safety to the system by providing pilots with more accurate information regarding the condition of runway friction during winter operations. I might add, Mr. Chairman, that the Greater Buffalo International Airport has been part of the test group for this important safety program.

To provide a greater safety margin at airports during winter operations, FAA has made eligible for Federal funding several runway friction-measuring devices, including the Mu meter, Saab, skiddometer, and KJ law device. Accurate measurement of runway friction gives the flight crews more complete information as to the landing condition on that runway so that flight crew may have more critical information regarding the landing performance of that particular aircraft under adverse weather conditions.

If funding for the airport improvement program is cut, many airports will not be able to afford these friction-measuring devices. Additional airport safety items for winter operations face an uncertain future by these proposed cuts, including funds for purchasing snow removal equipment and runway sensor units, devices which provide airport management with critical real-time information during winter storms such as ground and air temperature, dew point, water depth on the runways, and much more.

Another program that will suffer and adversely impact safety margins is the FAA's Contract Tower Program. This program authorizes the FAA to contract air traffic control services at level one VFR control towers to the private sector for half the cost compared to FAA operating the same facilities. Ironically, even though this program saves money, it is scheduled to be cut. Less money for this program will mean that many smaller airports will be without operating towers.

I have not mentioned the obvious impact on airport capacity if AIP funds are slashed. Capacity will be set back seriously, and I believe that some of the other panelists will provide, and have provided, greater detail on this item.

Also, Mr. Chairman, we hope the committee will decline the President's invitation to eliminate the essential air service program in fiscal year 1987. Small communities received a commitment in 1978, and we hope Congress will honor that promise.

Mr. Chairman, my last point today concerns the use of the aviation trust fund. As everyone in the aviation industry is painfully aware, and program was and always has been contemplated as a pay-as-you-go effort with 100 percent of system capital costs paid by user charges. Today, even though we are faced with extreme safety and capacity-related system problems, the commitments made to dedicate user taxes solely to aviation programs are continually disregarded.

You are to be commended, Mr. Chairman, for your leadership last year in attempting to correct this intolerable situation by removing the aviation trust fund from the unified budget. A possible solution to this problem should be explored when you and your colleagues begin to deliberate the reauthorization of the Airport and Airway Improvement Act of 1982.

To prevent the administration from requesting, and the Congress from appropriating, less money than the authorized amounts each year for FAA programs, we encourage you to consider some of the new ideas for trying to make the trust fund work. One such idea is a Federal corporation.

Another is the use of a trigger tax tied to the aviation trust fund. Under this approach, if the appropriated amount for the FAA programs each fiscal year falls before the authorized level, the ticket tax would be decreased automatically. This would force the administration and Congress to appropriate the full authorized levels or suffer the penalty of reduced revenues flowing into the trust fund.

Finally, Mr. Chairman, I would like to make clear that our criticisms do not include FAA management. As far as airport safety issues are concerned, we believe Administrator Engen and FAA are doing their best with the resources they are given. Our problem is that today's budget processes seem to be indifferent to real safety needs, and that process needs to be fixed.

Thank you, sir.

Mr. MINETA. Thank you very much, Mr. Hedrick.

I think that last statement of yours is really the case. I know I, personally, feel comfortable in dealing with Admiral Engen and the people who were here before us today, and if I was being critical, it was not toward them personally. I appreciate your making mention of that. I wish I had thought about saying that, too.

Last year, when we tried to pass legislation to take the trust fund out of the budget process, one of the arguments made against our proposal was that the proposal would not protect funding for FAA operations. Indeed, some persons feared that if the trust fund capital development programs were taken out of the budget, there would be added pressures to reduce spending for operations to meet the budgetary goals for transportation.

With Gramm-Rudman-Hollings, the need to protect operations becomes even greater, since, under Gramm-Rudman-Hollings, FAA operations could be subject to substantial across-the-board cuts requiring reduction in controllers and inspectors.

It seems to me that under current law the case for exempting FAA operations from the budget and Gramm-Rudman-Hollings is somewhat weaker than the case for exempting the capital development programs. Under current law, the users pay 100 percent of the costs of capital development programs, so these programs are not contributing in any way to the budget deficit.

However, under current law, the trust fund cannot pay more than about 50 percent of the cost of FAA operations.

Since the general taxpayer is paying at least 50 percent of FAA operations, we cannot argue that FAA operations plays no part in the general budget deficit. As I indicated in my opening statement, I am interested in exploring whether it would be desirable to increase the percentage of operations which can be funded out of the trust fund as part of a legislative package to exempt operations and other trust fund programs from the budget and Gramm-Rudman-Hollings.

I would appreciate the comments of the panel on whether they would be willing to have the trust fund pick up more of FAA operations if operations spending were exempt from cuts under the budget and Gramm-Rudman-Hollings. What are your views on the administration proposal to have the trust fund pay 75 percent of FAA operations? Would anyone care to start out with that one?

Mr. Stephen.

Mr. STEPHEN. It is a question that has lots of parts to it, so I would like to respond certainly as the Regional Airline Association would view it.

I think the first question here is to look at FAA and its functions and its beneficiaries. At some point in time, you have to ask the question as to what part of the FAA burden is in fact being borne by civil aviation versus the military and whether or not civil aviation should be picking up a military share or whether that is a legitimate taxpayer function.

I believe the proposal by the administration is actually that 85 percent of FAA operations would be borne by civilian and the 15 percent would continue to be borne as a military or public share. I believe other organizations, particularly general aviation, will have some comments on that which would suggest maybe the public share should be higher.

The next step in that process would be to ask what are the services being provided, and I think one of the reasons that we are attracted to the idea of a Federal corporation is that we can in fact define an air traffic control/air navigation/airports function, which is that we are beneficiaries of services in that area, and from our view, we would be willing to fund the full capital expenditures for this program and also full operational expenditures for the civilian share provided, of course, that there was some managerial control that assured that we would not be subject to fits and starts in either investment or employment due to other extraneous budgetary problems.

I think that has been the stated goal of the administration since 1952, when it came out with an advisory circular that essentially said that beneficiaries of Federal services should pay for those services.

I think one of the things that is very frustrating here is that we have been sucked in, over the years, to paying a higher and higher percentage, with a guarantee that we are going to receive these services, and unless we saw some very strong language and some very ironclad guarantees that indeed there would be protection for both the capital and operating side of the air traffic control/air navigation/airport system, it would be very hard to come forward and pay more. But if those guarantees were there and we had a system that met the user needs, the RAA would certainly support that type of expenditure.

Finally, there is a residual activity to the FAA—the safety, regulatory, and surveillance functions which are legitimately the purview of the Government. I am not sure that, in the public sector, it is any different than the ICC; or is it any different than the Environmental Protection Agency and other functions. I certainly would ask the question whether or not aviation should be singled out for paying for the safety and regulatory sides of protecting the public health.

Mr. MINETA. Does anyone else care to take a stab at that? Mr. Fleming?

Mr. FLEMING. Thank you, Mr. Chairman.

While I might not be prepared at this point in time to go quite so far as Mr. Stephen on behalf of the ATA member airlines, I do think he put his finger on the key point, and that is the matter of assurances.

The agreement was reached prior to enactment of the 1982 legislation regarding how we expected these funds to be expended, and we have all been rudely surprised since that time, and I don't think the ATA member airlines would be interested in volunteering for a larger contribution to the FAA's operations fund out of that trust fund—which is, after all, passengers' and shippers' tax money—unless there were bona fide and ironclad assurances that the money would be spent the way it was intended to be spent.

At this point, we clearly would be prepared to cooperate with you and your staff and your colleagues on trying to explore new proposals. As I mentioned in my statement, ATA has been exploring the possibility of a Federal corporation as a new approach to resolving the dilemma, but we do indeed have a near-term problem on our hands, and the Federal corporation approach, if it ever comes to bear fruit, is clearly a longer term possibility.

Mr. MINETA. Mr. Fleming, let me ask this. Several weeks ago, I had the opportunity to participate in a forum with the chief financial officers of a number of airlines, a meeting called together by Merrill Lynch. I gave a talk to the group about Gramm-Rudman-Hollings, and during the question and answer period, a vice chairman of one of the large, large airlines here in this country said, "Well, Mr. Mineta, we just got through placing an order for $2.8 billion of aircraft."

I said, "Well, John, if those airplanes are going to be replacing noisy airplanes or replacing them for fuel-efficiency purposes, and you are replacing the present fleet, that is fine. But if you are buying those airplanes for additional service, you know what we went through in the summer of 1984; 1986-1987 may even be worse."

I said, "We are not going to let those planes go off unless we can, through flow control, get them to their destination." He said, "Well, holy cow, What are we supposed to do with our planes?" I said, "Well, you had better find a nice dry spot in Arizona to park those planes."

Suppose we are up against that situation, and you say, "Well, yes, but you have got to make sure that the trust fund is there for what it was intended; namely, capital improvements, R,E&D, AIP, et cetera." Suppose we were at that point where there is just no more we can do?

Here we have, $4.3 billion sitting there. Should we dip into that money to go ahead and pay for those operations so that we have the controllers there, so we can get those planes in the air rather than having them sitting on the ground in Arizona?

Mr. **Fleming**. Mr. Chairman, that is the clear-cut Hobson's choice we may face sooner, much sooner, than we would like, and I do not have an immediate answer for you. That is a policy question which I don't think has struck home to many people in our industry yet. But I believe it is in the process of doing so now, and we must all address it, and we are certainly prepared to explore that possibility with you and with other congressional leaders in the coming weeks and months.

I am sorry I cannot give you an unequivocal answer right now. That is an extraordinarily difficult question.

Mr. **Mineta**. I mean, United is going to be starting on April 1, I guess, here at Dulles with 50 more flights a day. When we were up in New Jersey in a hearing the other day, People Express said to us that they have 400 operations a day right now out of Newark. When Terminal C, or whatever it is, is completed in 1987, they will have the capability in the future to have 800 operations a day in Newark.

I mean, that is fine from a mathematical viewpoint, and obviously the concrete at the airport can handle it, but can the airway system handle it?

Mr. **Fleming**. I think the question you ask reflects the reason why there is so much anxiety at this table among the industry witnesses about the need for capital investment in this system and why we simply cannot tolerate the kinds of interruptions in those capital investment programs that we are all deeply concerned about.

Mr. **Mineta**. I mean, when you talk about flow control and GAR, and no one really wants to go through that again.

Mr. **Fleming**. That is correct; none of us do. And yet I think all of us from the operating side of the business represented here today probably feel that the Administrator, if he sees that kind of problem developing, is going to go to that kind of process, and he has a much more efficient flow control apparatus in place now than he had several years ago, and he has people who are very skilled in its use, too, and that will be very, very difficult for all the operators and the passengers and the shippers and the airport proprietors if that comes to pass.

Mr. **Mineta**. And yet the President's budget shows $2.8 billion for FAA operations and they have got $2.1 billion of it coming out of the trust fund, plus they are ripping the trust fund off for the $790 million in the interest that is made off the cash balance in the trust fund, and they take that and skim it and use it for general treasury purposes. It is outrageous.

Mr. **Fleming**. You have said it more forcefully than I would have dared.

Mr. **Mineta**. Are there any other comments about the idea of a Federal corporation on air traffic control? You know, it would depend upon how we structure it in terms of whether or not it is still going to be subject to the appropriations process. Do we make it similar to the U.S. Postal Service, or that kind of corporation, so that they keep their own revenues and then we have additional—we don't call it in lieu—I forgot what the phrase was—we also provide some more funds the general treasury to the USPS to operate. Any more thoughts other than the ones that were expressed?

Mr. **Wigington**. Let me just add to that, Mr. Chairman.

Mr. **Mineta**. Mr. Wigington.

Mr. **Wigington**. The situation you are describing, we are very much fearful that we have reached that point in trying to look at what the alternatives are. Utmost in our minds is finding some way of getting out of this budget problem and out of Gramm-Rudman.

I would say, having not really thought about it but for hearing it this afternoon, that we would certainly be open to something along the lines that you are talking about. We certainly, as far as the policy and the principle of it, would have great objections, but I think we are reaching the point where our backs are against the wall, and if something like that or some variation on that is what it is going to take to get those programs off budget and out from under Gramm-Rudman, I would not say we would endorse it, but we would certainly be open to considering that and, hopefully, to working with all of you in trying to develop those types of strategies.

As far as the Federal corporation, I just wanted to say, without getting into any detail—because we have not gone very far with it other than to have met with the ATA and some of the other industry groups about the idea—that it is something we are very interested in as well. Exactly how it would be structured is certainly an open question, and we would certainly want some assurances that the airport program as well as the ATC program would be sustained in a manner that we think is necessary. But it is something that we are currently exploring.

Mr. **Mineta**. Mr. Hedrick, let me ask you this. In your testimony, you mentioned that AIP funding is used for runway friction-measuring equipment, and that with a 30-percent cut in AIP funds, as the President proposes, many airports will not be able to afford this equipment. What contribution does runway friction-measuring equipment make to aviation safety?

Mr. Hedrick. Well, I think it makes a significant contribution. We have, for the first time in a number of years now, been able to convert the technology that is available in trying to determine and predict and make available through communications channels through the FAA to flight crews the condition of the runway, and for the first time now, the technology has been developed, and we need to put that into application and put it into use.

We are gaining momentum. A number of the airports are involved in the program, and all at once——

Mr. Mineta. Could you explain a little bit about what that device is or how it works?

Mr. Hedrick. Certainly. Well, there are a number of units available. The one that we use at Buffalo, which has been involved in the test program for 3 years now, is the Saab, which is a small automobile with a computer and fifth wheel which is driven down hydraulically and measures the coefficient of friction between the surface and that wheel, and it relays that information onto a computer printout and gives us both a scale reading as well as a hardcopy printout.

That information is then correlated from zero to 100, and that is passed on through the FAA and to the crews of the aircraft. They can look in their log book and get a determination of what a 20 would mean versus a 30 or a 40 number.

That type of technology, which is basically scientific—because it actually takes a real reading off the runway in three or five sections and averages it—for the first time gives us the kind of information instead of having an operator in a pickup truck, an airfield superintendent or someone, as experienced as he may be, making a human judgment based on gut decisions and relaying that on.

There are a lot of things in the industry. Different people have different techniques. There are stories about dogs on the seat. If one paw falls off, then the braking action is one thing. You know, you put a lunch box there, and if it slides off the braking is good. There are a number of jokes made about it.

But the bare facts are that now, for the first time, we have this kind of technology that we can convert into direct safety-related issues to give that flight crew pertinent, direct information that they can relate to, and they will know what the performance of that aircraft is equivalent to what they are reading through their log scales.

We think it is a shame that that and other types of safety-related programs could be sacrificed simply because there are not enough moneys to finance and carry them through.

Just as a sidelight, I have 10 projects for Buffalo next year that were anticipated to have been financed through AIP, and it was an austere program of which we would use all our enplanement moneys not only for fiscal year 1986 but for fiscal year 1987 as well, committed to these programs, and most of them are safety-related, and none of them can be really prioritized, because they are all safety and have a certain direct or indirect safety benefit.

Now we are told that we will lose from $2 million discretionary down to $500,000 discretionary, which literally means that these safety programs will have to be abandoned or at least postponed, with no real hope of putting them back in the circuit. But the friction tester program is one aspect of many.

Mr. **Mineta**. I was really interested, and I am glad to see that we have gone beyond just jamming the brakes on the pickup out there and saying, "Hey, Joe, how did it feel?" and then have Joe try to explain to a pilot, whether he is flying a 727 or 747, "Yeah, I think it's OK if you jam on hard" or something. [Laughter.]

Mr. **O'Brien**. Mr. Chairman.

Mr. **Mineta**. Yes, Mr. O'Brien.

Mr. **O'Brien**. From the Air Line Pilots Association's perspective, I want to add that we certainly do support the comments you just heard on this program. However, the program is not complete. We have been budgeted approximately $500,000 a year for the past 3 years to run this program. We are about halfway through. So, at many airports, you still do have the lunch-pail-on-the-pickup-truck method, and what we would like to see is enough funds appropriated to continue this program to its conclusion, which will take an additional 2 to 2½ years, and then we will have such friction-testing devices at all airports and get rid of the lunch box in the pickup truck method.

Mr. **Mineta**. I see. So we are not really ready at that deployment stage yet?

Mr. **O'Brien**. Actually, there are two phases. The first phase was to provide a maintenance tool for the airport operators, something that would be able to tell them when their runway had reached a situation where either the rubber deposits had to be removed or snow and ice had built up to where it had to be removed.

The second phase was to provide information to pilots so that when this friction-measuring device provided information, it would mean something to a pilot as far as being able to stop his airplane. That is where we are right now.

Mr. **Mineta**. Thank you.

Congressman Sunia.

Mr. **Sunia**. No questions, Mr. Chairman, thank you.

But might I ask, what is the balance in the trust fund?

Mr. **Mineta**. At the present time, it is roughly, I believe, $3.6 billion somewhere in that area.

Mr. **Sunia**. Thank you.

Mr. **Mineta**. We estimate that, at the end of fiscal year 1986, it will be $4.3 billion, I believe that is the figure we are using.

Mr. Stephen, let me ask you something. In your testimony, you make an excellent point with respect to the long-term costs. If the national airspace systems plan is not adequately funded today, modernizing the ATC system will, of course, bring about significant safety and capacity improvements, but as you know, the NASP would also save the Government and taxpayers a lot of money in personnel and operating costs.

Are these types of savings achievable before the 10-year NASP is completed? Do you think that the delays in the NASP which would be caused by the President's budget will increase operating costs in the next few years? Or would the increased cost not be felt until 1992?

Mr. **Stephen**. The major savings that come from the modernization program come in from the ability to have facility closures and to replace hardware that is high maintenance with new solid state low-maintenance hardware. We would have less need for facilities such as flight service stations. They can provide better information to the user, more timely information.

And so the benefits of modernization are phasing in. We are phasing in a very expensive, almost $12 billion, equipment program, and with that we are going to make some important changes in the deployment of the hardware and the need for personnel to achieve it. I think you heard earlier about the fact that there is going to be a need for less airway technicians because of the fact that we are going to have a higher reliability program out there and more can be done with less.

So I guess the answer to you is that we can start to achieve these savings now because we can keep to the plan and implement this plan on time. The big savings come, of course, when we achieve that plan, and I think, as Mr. O'Brien pointed out, we are 3 years behind and probably falling behind more so every single day.

I think that there are really two goals. We as an aviation community have the goal of having a system in which we can serve the air traveling public, and I think the Federal Government should have a goal of the policy of having an air traffic control system that meets the needs of the shippers and passengers, and we need to move forward on it day by day.

Mr. MINETA. Mr. O'Brien, you make a number of references in your testimony to FAA not being able to do the job properly and FAA's inability to cope with changes in the industry. Obviously, the budget is a problem, but I wonder if there are nonmonetary changes in policy and approach which could bring about improvements, and do you have any suggestions for improving the FAA's ability to cope beyond ensuring adequate funding?

Mr. O'BRIEN. There are several areas. We could talk for hours on that subject. But just as an example, in aircraft certification, new rules and regulations to keep up with the rapid evolution in technology which is occurring in the industry.

The FAA did have a program to bring in expertise within the agency to deal with rapidly evolving technologies.

That program has been stunted by limited funds, but also, that stunting is a conscious decision on the part of some managers within FAA over where priorities should be set. So it is partially a funding problem; it is partially a decisionmaking problem over where priorities should be placed.

Mr. MINETA. Is that being done because they would rather have that capability in-house rather than to contract it out to someone to do?

Mr. O'BRIEN. It is combination of several factors like that. I am sure that there are people in the northwest mountain region who are responsible for the primary certification of large transport category airplanes that would like to have that capability in-house so that they could have a better handle in dealing with the manufacturers.

But there may be decisions that are made in other parts of the agency which inhibit that ability. And again, those decisions are made probably because of a funding situation and the establishment of priorities. That is just one example of several that we could go into.

So again, it is hard to separate the problem, whether it is purely a funding problem or purely a technique or procedural problem within the agency.

Mr. **Mineta**. Mr. Fleming, most of your testimony speaks to the harm that will befall the airline industry in terms of capacity and ability to operate in an unconstrained fashion if the budget cuts being discussed today are enacted. Would the industry also have safety concerns if the President's budget policies or the Gramm-Rudman-Hollings cuts take effect, and could you specify any of these safety concerns?

Mr. **Fleming**. The unequivocal answer is yes, we do have such concerns, Mr. Chairman, and I had notes that I made here and wanted to intervene at some appropriate time as Mr. O'Brien made his statement and then as Mr. Hedrick explained to you about the need for friction-measuring devices to report on slippery runway conditions. I would like to compliment Mr. O'Brien and ALPA in that respect. They have been very, very aggressive in pursuing that program over a number of years.

We are very concerned about the future improvements in safety which may be delayed because programs for improving system capability are delayed, and Mr. O'Brien mentioned some very important ones such as ATC computer updating. For example, there was a midair collision in California which involved an airline operator known as Wings West, if memory serves me correctly, and a general aviation airplane that was involved in a training exercise.

I have recently read the NTSB accident report, and it brought to mind the continuing need for functions which cannot be implemented without completion of the Host Computer Program and then at least part of the Advanced Automation System Program, which is known as the VFR Intruder Conflict Alert and Resolution Programs.

I don't know why that controller who was working that particular control sector was not aware in a timely way of the presence of the general aviation training airplane, but from what I understand, we have the technology at hand so that we would not have had to depend in that instance upon that human being being able to recognize the threat, in an extraordinarily short timeframe, and then communicate a warning to the pilot of the Wings West airplane so that the midair collision might have been avoided.

We will not get that capability until we get the host computer implemented in the centers and until we get improved terminal automation in the terminal facilities. This is one of the reasons, I think, that drives John O'Brien to raise concerns about what he understands is a 3-year delay in at least parts of that program, and it gets us very much concerned, too.

Mr. O'Brien mentioned the airport surface detection equipment, ground-based radar for avoiding near-miss situations on the ground or, worse, collisions on the ground.

Mr. **Mineta**. But aren't we starting to deploy those? Didn't Anchorage get one?

Mr. **Fleming**. I think Anchorage got the only one that was available, and that was the developmental equipment that was shipped to Anchorage from, if memory serves me correctly, the test center in Atlantic City. Mr. O'Brien confirms that.

That program has been in development status for as long as I can remember, and I must confess I just recently learned of some new technology which I found very intriguing for that purpose, forward-looking infrared radar, which is a military development, which may in fact be a much better technology, but I can just see what could happen here, and that is that we delay the good enough for something better downstream. That has not happened yet, but I can see the threat.

Mr. O'Brien mentioned TCAS II and TCAS III. I have an urgent request from ATA member airline people to visit the Administrator to plead for $8.7 million in needed research in connection with the furtherance of that program. Mr. O'Brien's number, I think, was not too different from mine. We intend to visit Administrator Engen to make that plea within the next several weeks.

But I have to wonder, given the restrictions on FAA's budget levels for ER&D that we see in the 1986 and 1987 budget timeframe, I am not sure we are going to be able to get the money we need for that. That is a very important development, and again it goes back to the midair collision threat. While the ground-based system is the primary means of avoiding collisions, we want the backup available on the airplane if we can get it.

John mentioned the Human Performance Research Program, human factors research, if you will. That is one that tends to get cut early on because those programs tend to be not defined quite so specifically as others. And, of course, Mr. Hedrick then took us into another area that John O'Brien mentioned, and that was airport safety, and he mentioned several specific programs.

All these are important. We cannot hide from the fact that improved safety in the future is dependent upon investment in these programs, and if we don't make the investments, we will not reap the benefits.

Mr. MINETA. Mr. Wigington, your testimony emphasizes that the impact of the 1986 Gramm-Rudman-Hollings cut on AIP would be particularly severe with respect to the discretionary grant program. Could you explain why the cuts would have a greater impact on discretionary grants than on enplanement funding?

Mr. WIGINGTON. I would be glad to attempt it, Mr. Chairman. Unfortunately, I am not an expert in just how the program gets broken down and all the fine-tuning the FAA does with it. But the best explanation is simply that there are a number of formulas applied to that program, and when you break out the formula for the entitlements and when you have the 50-percent allocation, that number is fixed, once you start with a number like $885 million, or $925 million, or whatever the number is.

When you go down through the various other allocations for the relievers, noncommercial service airports, Alaska, and all the other set-asides—they are all fixed percentages. When you get down to the bottom one, what we would consider the pure discretionary money that FAA has to put out to those airports where they really see pressing safety and capacity projects, what is left over is a very small amount. So while you may have the 4.3-percent reductions coming down the line in those other categories, it comes to a much greater figure when you get down to the bottom.

As I say, I don't know that we can fault the FAA for trying to target the discretionary program for those particularly high cuts. A lot of it, I think, is just the way the program breaks out. What we are concerned about is the FAA trying to go in and take some more money out of the discretionary program to apply to other areas.

Mr. Mineta. All right. Well, let me thank all of you again for taking the time from your own schedules to participate as members of a panel on this very important subject and letting us at least pick your brain from your own experience and background on this very important subject.

Thank you very much.

[Mr. Fleming's, Mr. Reilly's, Mr. Stephen's, and Mr. O'Brien's prepared statements follow:]

Statement of Air Transport Association of America on Effects of the President's Budget and Gramm-Rudman-Hollings on Aviation Programs

Mr. Chairman, and members of the Subcommittee, I am J. Roger Fleming, Senior Vice President, Technical Services, Air Transport Association of America (ATA). Accompaning me is James T. Murphy, ATA's Vice President, Airports & Materials. ATA is pleased to appear before you today on behalf of our member airlines to address the adverse effects of FAA budget cuts that may result from the Balanced Budget and Emergency Deficit Control Act of 1985, and to discuss certain inadequacies in the Administration's Fiscal Year 1987 budget request. The effects of Gramm-Rudman-Hollings and the budget request combine to severely undermine the fundamental basis upon which the Airport and Airway Improvement Act of 1982 was legislated—that the Aviation Trust Fund be used to enhance the safety and capacity of our nation's airport and airway system.

Instead of a continuing and resolute commitment to the purposes of the Trust Fund and its programs, we now have the distressing combination of an enormous Trust Fund surplus, substantial system development and operating needs, deficiencies in FAA appropriations compared to authorized levels, and aviation user tax revenues held hostage to the general fund deficit problem. The uncommitted Trust Fund surplus, now estimated at over $3.3 billion, is growing faster than ever before in its history, and is expected to reach $4.3 billion by October of this year, the beginning of Fiscal Year 1987. Important aviation safety and capacity improvements have already been unacceptably delayed, notwithstanding the fact that expenditures for such improvements are entirely supported by taxes paid exclusively by users of the aviation system. We believe you share our view that this is a distressing and intolerable situation.

Now, on top of this is added the prospect of damaging cuts in Facilities and Equipment (F & E), Research, Engineering and Development (R, E & D) and Airport Improvement Program (AIP) spending if the Administration's Fiscal Year 1987 budget request is enacted. That budget request for FAA is predicated on total budget targets established in Gramm-Rudman-Hollings. Those targets for FAA bear no relationship to Aviation Trust Fund Resources or what is required for a safe and efficient aviation system. An even more alarming possibility is that all FAA accounts would suffer across-the-board cuts of 15 percent or greater if the Gramm-Rudman-Hollings sequestration process comes into effect.

Mr. Chairman, the airlines have an obligation to call attention to the impact on the traveling public that would result if these severe cuts were to occur:

Enactment of the Administration's Fiscal Year 1987 budget request or implementation of mandatory Gramm-Rudman-Hollings cuts would compromise air traffic control system modernization and airport capacity improvements;

The future vitality and growth of air transportation would be impaired;

The FAA would be forced to shrink system capacity to ensure aviation safety, resulting in intolerable inconveniences, delays and related travel disruptions to more than 400 million air travelers; and

The shipping by air cargo, small packages and mail would be seriously impeded.

Under Gramm-Rudman-Hollings, FAA's budget has already been reduced by $211 million for Fiscal Year 1986. More than 50 percent of those cuts, or $110 million, impact already underfunded Trust Fund programs. Cuts in the Operation and Maintenance account inhibit the agency's ability to bring essential staffing functions up to needed levels, since approximately 70 percent of O&M expenditures are personnel related.

Of particular concern in this regard are the air traffic controller, safety inspector, security personnel and facilities maintenance technician staffing levels, which are essential to safe and efficient system operation. We simply cannot afford cuts in these vital areas. We are encouraged by the recent statements of Secretary Dole and Administrator Engen that air traffic controller staffing will be increased, and that these personnel, as well as other essential safety-related personnel, will be protected from furloughs which would otherwise occur from Gramm-Rudman-Hollings cuts. FAA should be applauded for its cross transfer program wherein experienced controllers are reassigned to ATC facilities where they are most needed. However, future budget cuts could imperil this important program, as well as other promising controller staffing initiatives such as the employment of retired annuitants. Increases in early retirements encouraged by proposed cuts in federal pension benefits and tax law changes could also detrimentally affect FAA personnel levels.

The impact of Fiscal Year 1987 budget cuts under either the Administration's budget request or Gramm-Rudman-Hollings would, of course, be far more serious.

Since 1982, F & E, AIP and R, E & D programs have been underfunded by about $1.5 billion from approved authorizations. The Administration's budget request would result in program cuts of another $700 million, bringing the total shortfall to $2.2 billion over the 5-year legislation. While cutting user-tax supported programs by 30% from their authorized levels, the Administration proposes to amend the authorizing statute to permit the funding of $2.1 billion of FAA Operation and Maintenance costs. ATA strongly opposes this proposal, which would destroy the basis upon which high user taxes were imposed in 1982. The Administration's companion proposal to disallow the interest which the Trust Fund earns on its balance is also a breach of trust, and is opposed.

If a 15% reduction were required under Gramm-Rudman-Hollings for Fiscal Year 1987, FAA would suffer budget cuts of over $700 million, over half of which would occur in Trust Fund programs. In the same fiscal year, user taxes will generate more than $4 billion credited to the Trust Fund, more than enough to fund Trust Fund programs to full authorization levels.

Under either the Administration's budget request or Gramm-Rudman-Hollings, it is clear that the NAS Plan would be seriously degraded. Last year, FAA was able to protect major NAS Plan projects by delaying other supporting projects which have less impact on system safety and capacity. This short term expedient is no longer a viable option.

During the Fiscal Year 1986 appropriations hearings in the Congress, FAA indicated that although its F & E request for that year would permit the critical NAS Plan programs to be carried out on schedule, the cumulative shortfall from full authorization levels must be resolved soon, or slippages in major program schedules were bound to occur. And now, Mr. Chairman, the FAA Administrator has publicly stated that the requested Fiscal Year 1987 budget levels will result in the abandonment of the "full funding" approach to FAA budgeting for certain projects, and the inevitable deferral into the future of major NAS Plan components.

The airlines clearly recognize that the national airspace system must be modernized for it to meet the operational and capacity challenges of the future. We supported the NAS Plan when it was announced by FAA, and we supported the establishment of tax and spending levels adequate to implement it on a timely basis. We continue to support NAS modernization. However, we grow increasingly concerned about potential slippages in the implementation of major components such as the advanced automation system, without which safety and productivity gains will be delayed. If such major components do slip, as the Fiscal Year 1987 funding request envisions, the financial and technical viability of the NAS Plan, under the present method of funding and management, is in question.

Aviation Research, Engineering and Development is also critical to the future success of airspace modernization. Shortfalls in R, E & D funding will detrimentally affect NAS Plan implementation schedules and other FAA programs for increasing airspace and airport capacity. Like F & E funds, R, E, & D funds have fallen considerably below authorization levels in recent years, despite the significant needs and Trust Fund resources.

When the aviation user taxes were renewed in 1982, the enormous development requirements of the airport system were also universally recognized. The need for airport capacity enhancement and expansion continues to be indispensable to the future of the aviation system. The FAA's National Plan of Integrated Airport Systems (NPIAS) forecasts airport development needs of $12 billion through the year 1993, over $6 billion of which will be needed to enhance the capacity of the system. All segments of the aviation industry have joined with FAA, state governments and airport opertors in coordinated efforts to enhance and expand airport capacity, and create new facilities where needed. The Airport Improvement Program is an integral part of those efforts, currently providing one out of every three dollars of airport capital financing.

The Administration's budget request of $712 million for AIP falls $305 million short of the authorized level for Fiscal Year 1986, and $600 million short during the five year authorization period. This funding deficiency has virtually destroyed FAA's ability to make meaningful discretionary grants to airports where safety and capacity projects require more than can be funded solely by entitlement allocations.

Mr. Chairman, beyond the immediate budget crisis, which must be addressed, the Subcommittee is well aware that the authorizing legislation for the Trust Fund and its user-funded programs expires at the end of Fiscal Year 1987. The reauthorization process will provide an opportunity to explore new ways of funding and operating the national airspace system, and to ensure that aviation programs in the future are freed from the inequities that have existed during the past 15 years. ATA is now examining whether a federal corporation would be a more efficient and financially sound way to operate, maintain and develop the air traffic control system. The possible benefits of funding airport development through a federal corporation are also being explored. By removing the airport and airway programs from the annual federal budget battles and the constraints of certain personnel, procurement and financial policies, under which the FAA must currently operate, the NAS plan, airport improvements and the growth of the air traffic control system may well be more expeditiously and efficiently accomplished.

It must be reaffirmed that aviation safety cannot be sacrificed. Moreover, it must be recognized that the needs of the traveling public must be accommodated. Since users have paid and are now paying dedicated taxes to accomplish that objective, we all share a responsibility and an obligation to accommodate both goals.

We strongly support your efforts and will join with you and others in removing the Trust Fund and aviation programs from ongoing budget constraints and the adverse effects of Gramm-Rudman-Hollings. Such action is well founded in terms of both the equity of the user-pay Trust Fund concept and the major financial commitment needed to fund the NAS Plan and other airport and airway safety and capacity improvements.

Thank you for the opportunity to appear, and we would be pleased to respond to any questions.

STATEMENT OF J. DONALD REILLY, EXECUTIVE DIRECTOR OF THE AIRPORT OPERATORS COUNCIL INTERNATIONAL

Mr. Chairman and members of the Subcommittee: I am J. Donald Reilly, Executive Director of the Airport Operators Council International. I am pleased to be here today to express AOCI's great concern over the grave situation facing the nation's airport and airways system. First, I want to report that the funding of the Airport Improvement Program over the past four years has been a bitter disgrace. Our experience with the program has been both frustrating and disappointing, to say the least. The on-going problem of underfunding for development of the airport and airways system is now compounded by the stark reality of more drastic budget cuts mandated by the Gramm-Rudman-Hollings law. This situation bodes ill for the safety of our national airport system, the development of airport capacity needed to meet the growing demands on the national system, and the dismal future of the federal airport grants program as we begin to look beyond its expiration in FY 1987.

How have we arrived at this sorry state of affairs? In 1982, aviation users were told by the House and Senate Aviation Subcommittees that if they agreed to pay increased levels of taxes to a Federal Trust Fund, they would be assured of specific and dedicated expenditures for airport and aviation facility improvements that all agreed were necessary. As you know all too well, Mr. Chairman, the Congressionally authorized levels that were established for the Air Improvement Program at that time have never been met throughout the existence of the program. Congress and the administration have failed to live up to the commitment made to the aviation users and industry. Since the inception of the Airport Improvement Program, funding levels have already fallen $360 million short of the fully authorized levels. The

Aviation Trust Fund has been misused and taken "prisoner" by those who seek its "spoils" for deficit reduction purposes. The "trust" we placed in the Trust Fund has been violated.

The dedicated user taxes (and other receipts) generate some $4 billion a year for the Trust Fund and the Trust Fund surplus has been allowed to grow steadily. At the end of fiscal year 1985, the Trust Fund had accumulated a cash balance of $7.7 billion and an unobligated cash balance of $3.3 billion—and it is still growing. Trust Fund programs are fully self-financing and have contributed not one cent to the federal deficit. Yet the surplus has become a tool for federal deficit reduction purposes.

Now we are told that the airport development program must be reduced by an additional $40 million for the balance of FY 86 because of Gramm-Rudman-Hollings, and may suffer another 20% reduction in FY 87. Airports are willing to contribute their fair share towards reducing federal deficits, but I submit that we have already paid our dues in each and every appropriation that has cut back the AIP program expenditures. Funding for the airport grants program was cut back by 9 percent from the $1.017 billion authorized in the FY 86 Continuing Resolution, leaving $925 million, the same level as in FY 85. Then, on March 1 of this year, that level was further reduced by 4.3% to $885 million as a result of Gramm-Rudman-Hollings. The brunt of those cuts will be felt in the discretionary program, which will suffer a 17% reduction, from approximately $129.4 million to $106.6 million. Cuts of this magnitude will seriously jeopardize needed safety and capacity projects at many airports.

The FAA will be hard pressed to award discretionary grants to those airports having the greatest need for pressing capacity enhancement projects. Airports have already been informed by the FAA that commitments made to them for discretionary funds to expand runways and finance other essential projects must be stretched out or deferred because of the March 1 reductions. Many airports rely on the discretionary program to provide funds for safety and capacity enhancement projects, particularly where entitlement funds are insufficient. Those airports which had commitments for FY 86 are now faced with the choice of delaying or abandoning those projects.

We have further fears, however, that it will not end there, and that efforts will be made to "raid" what's left of the airport discretionary program to provide additional funding for FAA operations and other programs. We understand that FAA may freeze FY 86 discretionary monies and is eyeing some $50 million—or 50% of the remainder—for transfer to its own operations account. It appears that the airport program is paying more than its fair share of Gramm-Rudman, while other FAA programs escape further reductions.

As serious as the reductions for FY 86 may be, it appears that airports face even deeper problems for the administration's fiscal year 1987 budget would further decimate the Airport Improvement Program. The $712.5 million request for AIP would fall $305 million short of the authorized level for FY 87, leaving the five-year AIP program underfunded by over $665 million. It would represent a 23% reduction from the $925 million funding level provided in the Continuing Resolution for FY 86. The entitlement program, by formula, would be cut 20% in FY 87 to some $356 million, while discretionary funds would suffer a 36% reduction to some $83.3 million.

The administration's FY 87 budget would further erode public confidence in the Aviation Trust Fund by taking some $2.1 billion from the capital program accounts in FY 87 to help cover FAA operations and maintenance costs. Aviation users would thus shoulder the greatest share of FAA operation expenses and witness their user taxes being diverted from the purposes for which they were dedicated. Because Congress and the administration have seen fit to arbitrarily reduce user tax spending for capital development needs over the years, and have thus allowed obscene surpluses to accumulate in the Trust Fund, those funds would now be diverted to unintended purposes. AOCI strongly opposes such misuse of the Trust Fund. We also oppose the administration's attempt to eliminate interest payments to the Trust Fund which have been earned on its balance.

The need for expanded airport facilities for safety and capacity has been well recognized. The FAA's National Plan of Integrated Airport Systems (NPIAS) projected AIP-eligible development needs for commercial service airports of $12.3 billion for the ten-year period 1984–1993, of which about $6 billion will be needed to enhance system capacity. AOCI estimates that total development costs at these airports is close to $27 billion over that same period. AOCI's own survey for the five years from 1986–1990 reveals capital development needs of $19.4 billion. The AIP program plays a critical role in airport development and contributes about $1 for every $3 of eligible airport safety and capacity capital financing. To fully meet needs of such magnitude over the next five years will require nearly $1.3 billion in federal grants annually. This would assume, however, that airports retain their ability to issue tax-exempt bonds to finance the balance of capital development costs—by no means a safe assumption in light of efforts to constrain and reduce such financing as proposed in the tax reform legislation Congress is now considering.

The federal commitment to modernize and expand the national airspace system makes it critically important that airport development needs be met concomitantly. Development and expansion of the airspace and airport systems must go hand in hand. The nation can forget about using its expanded airspace system unless adequate resources are made available to increase airport capacity. Airports can barely handle today's air traffic demand, as evidenced by the growing number of airports operating at or above capacity limits today, and projections that some forty airports will face capacity constraints within the next ten years. The inextricable problems of aviation safety and capacity will only be compounded by underfunding of the airport program. The importance of safe and adequate airport facilities should not be underestimated; they are a critical link in the overall air transportation network.

Mr. Chairman, the airport situation today is bleak, and appears bleaker as we look to the future. Unless action is taken immediately to address these problems, the airport and aviation system will deteriorate and will be unable to keep pace with the growing demand for air transportation services. The first step must be to restore the integrity of the Aviation Trust Fund and assure full funding of the vital programs for which user taxes have been dedicated and are available. The financial resources are there in the trust fund, but what is lacking is the resolve of Congress and the administration to set their priorities straight and live up to their commitments. The inequitable treatment that the Trust Fund programs have received must be redressed. We appreciate your support for full funding of Aviation Trust Fund programs and your efforts, along with many of your Committee colleagues, to remove the Trust Fund from the unified federal budget. In light of Gramm-Rudman-Hollings, we strongly believe that it is even more critically important now to free the Trust Fund from the federal budget and the unacceptable and inappropriate spending reductions. We urge your renewed effort to achieve these objectives. Failure will lead to unacceptable constraints on the national air transportation system's safety and capacity. We pledge our full support to this effort.

At the same time, we must look beyond the current AIP program to determine how best to meet the future needs of the aviation system. Recognizing the failures and shortcomings of the current AIP program and the very likely prospect that the administration will propose a further drastically scaled back program for AIP reauthorization—down to as low as $500 million—AOCI has serious doubts about supporting continuation of the program in its present form. AOCI and other industry groups have begun to explore alternatives. This dialogue is only beginning and the direction we ultimately take will be greatly influenced by whether "trust" and "integrity" are restored to the Trust Fund, and, finally, the commitment of Congress and the administration to aviation needs. We look for your leadership, Mr. Chairman, and hope to work with you and the members of the Aviation Subcommittee throughout this debate. Thank you.

STATEMENT OF ALAN R. STEPHEN, EXECUTIVE VICE PRESIDENT OF THE REGIONAL AIRLINE ASSOCIATION

I am Alan R. Stephen, Executive Vice President of the Regional Airline Association (RAA), a Washington, D.C. based organization that represents regional and commuter air carriers. On behalf of our member airlines, I appreciate this opportunity to appear here today to discuss our very serious concern that proposed reductions in the current and 1987 fiscal year budgets of the Federal Aviation Administration may seriously impair National Aviation System efficiency and capacity.

Over the past few weeks, we have tried to assess the full impact of these budget cuts on FAA programs. That assessment has been made all the more frustrating by the inequity of the current situation—the combination of a large Aviation Trust Fund surplus, unmet system operating and development needs, growing shortfalls in FAA appropriations that jeopardizes NAS modernization and airport development and user tax revenues held hostage to the general fund deficit problem.

AVIATION TRUST FUND COMMITMENT

When Congress reauthorized the Aviation Trust Fund in 1982, it reaffirmed the pressing need to modernize and expand our nation's airports and our Federal air traffic control and air navigation systems.

This program was agreed by all segments of aviation to be entirely user funded through dedicated taxes to the Aviation Trust Fund

Today, we are proceeding with that plan, but at a pace far slower than envisioned by that landmark legislation. Billions of dollars paid into the Aviation Trust Fund are not being utilized. Its unobligated surplus, now more than $3.5 billion, is growing faster than ever in its history. Meanwhile, there has been significant underfunding of vital safety and capacity improvements notwithstanding the fact that such expenditures are entirely supported by user taxes.

Recently, the Administration submitted its budget for 1987. It calls for funding for essential NAS modernization programs $700 million below levels authorized.

That budget, if enacted, will substantially delay many facility and equipment purchases, airport improvement projects and technology research programs, thereby adding to their overall costs and denying the air travelling public sorely needed safety and capacity enhancements now and well into the future.

NAS modernization, estimated now to carry a price tag of $11.7 billion, will save as much as $20 billion in long term operational costs, by some estimates, by permitting the closing of outdated and unnecessary facilities, by replacing high maintenance equipment with new solid-state hardware and by providing an ATC system capable of efficiently handling the volume of air traffice activity expected in the 1990's. Thus, the longer NAS modernization is delayed, the longer it will take for these economies in FAA operations costs to be realized by the air travelling public.

In these times of public concern over Federal spending, it is important that Congress exercise diligent oversight to assure that the public gets maximum value from every dollar spent. NAS modernization programs must be justified on the basis of safety, efficiency or capacity.

FAA FACILITIES AND EQUIPMENT BUDGET

The 1987 budget requests $825 million for ATC facilities and equipment programs (F&E), a reduction of 29 percent from the level authorized. If enacted, that will bring the accumulated shortfall in spending for NAS modernization to more than $1.5 billion since 1982.

Last year, FAA Administrator Donald Engen testified that continuing cuts in F&E programs would jeopardize the timing of NAS modernization. That prediction is now being borne out. Recently, the FAA reported that the proposed cuts in F&E funding in 1987 will require nine NAS programs totalling $90 million to be taken off "full funding" status.

This budget expedient, necessary now to protect integral NAS projects, will soon seriously delay other supporting F&E programs important to operational services such as capacity.

One of the programs to be taken off full funding is Microwave Landing System (MLS) procurement. Several organizations have recently urged that this program be delayed since many of its benefits, for example low cost Category II and III approach minima, remain in the future. The RAA has been a supporter of MLS. Commuter airlines serve more than 200 airports currently that lack precision approach capability as well as many major hubs where the installation of MLS on a secondary runway can increase overall airport capacity. We are concerned that if MLS procurement is slowed, there will be no precision approach aid program since the FAA has discontinued purchases of ILS systems.

AIRPORTS GRANTS-IN-AID PROGRAM

Fundamental to ATC and airway modernization is development of our nation's airports. Since the Aviation Trust Fund was first enacted in 1970, federal aid to airports has been an important factor in matching airspace capacity with adequate runways, ramps and other groundside improvements. Today, the Aviation Trust Fund provides about one in three dollars for eligibile airport projects.

The proposed FY 1987 budget would cut the Airport Improvement Program (AIP) by thirty percent to $712.5 million. At this level, according to FAA estimates, the AIP would barely meet those projects needed to maintain safety and leave little for important discretionary grants that fund improvements in airport standards and capacity. Meanwhile, there is already an unfunded backlog of more than $3.0 billion in eligible airport construction grant applications on file with FAA as part of agency-approved, airport master plans.

FAA RESEARCH, ENGINEERING AND DESIGN PROGRAMS

A recent windshear accident has focused, once again, on the need to predict, detect and track the movement of serious weather. NAS modernization calls for the development of a new generation weather radar, or NEXRAD, and the companion development of Terminal Doppler Weather Radar. Both programs, along with others in the technology stage, are to be funded under FAA's Research, Engineering and Development Program (R,D&E). The Administration has requested just $134.5 million for R,D&E in 1987, a cut of thirty percent from levels authorized. While the budget calls for funding of NEXRAD and Terminal Doppler Weather Radar development in 1987, we are concerned that such programs may be slowed and other important R,E&D programs such as those cited by the Airport Capacity Task Force remain far down, if not off, the priority list for funding.

Cuts in Aviation Trust Fund programs as I have described bring NAS modernization to an important juncture. Congress can enact a budget that will permit our national airport and airway system to keep pace with the needs of the air travelling public; or, it can chose a path that will lead to growing constraints and deterioration of services.

Already, the FAA is faced with very tough budget choices. The 1986 Continuing Resolution under which the Agency is funded cut $55 million from FAA operations and set spending for capital programs substantially below those necessary to meet current needs.

A further 4.3 percent Gramm Rudman Hollings mandated reduction for fiscal year 1986 will require FAA to cut an additional $213 million, a hit that cannot be sustained without potentially disruptive consequences. We undertand that DOT Secretary Dole will be submitting to Congress shortly a request for supplemental funding of FAA operations to preclude such consequences as agencywide employee furloughs.

ATC PERSONNEL NEEDS

The 1987 FAA budget requests funding for an additional 500 air controllers. We support this increase. However, we are also concerned that the FAA will not be able to meet the work force target of 15,000 controllers set by DOT Secretary Dole for 1987 due to higher than expected attrition and retirements. Today, the FAA employs just under 14,000 air traffic controllers. Every effort to close this gap must be made. We are concerned that not enough is being done. FAA's "cross option transfer" program to move excess radar controllers from terminals to key enroute centers must be vigorously pursued and every effort must be made by FAA to take advantage of experience within the community of retired controllers.

Recently, we learned that technician staffing shortages in Airways Facilities is impacting the Agency's ability to check and repair ATC and air navigation equipment on a timely basis. We understand that FAA is already deferring repairs on "non-essential" facilities and there is some question that the current staffing level is sufficient to meet the 1986/87 schedule for commissioning new hardware as part of NAS modernization.

Overall, the FAA 1987 operations budget proposes to cut FAA staffing by 1,340 full-time equivalent positions. However, certain programs including FAA safety inspectors and air traffic controllers are slated for staffing increases. Thus, unprotected Agency functions will be absorbing a real cut of about 2,000 positions in 1987. Those cuts will bring overall cuts in FAA staffing to approximately 10,000 over the past eight years. In a time when the Agency is being called upon to do more, we believe Congress should exercise careful oversight over whether the staffing cuts proposed in 1987 are justifiable.

GRAMM-RUDMAN-HOLLINGS IMPACTS

Over the past few weeks, we have tried to assess the full impact of the proposed 1987 budget on FAA programs. We have also been faced with the unknowns associated with the Balanced Budget and Emergency Deficit Control Act of 1985, that could trigger additional massive cuts in FAA spending, program by program, without regard for safety or other priority such as cost savings.

Some have estimated that those automatic cuts could reach 15 to 20 percent, thereby cutting FAA by as much as $1.0 billion in system operations and NAS-related investment programs.

It is inconceivable that FAA could continue to carry-out its statutory responsibilities under such circumstances without dire consequences for agency services:

system capacity would be shrunk necessarily in order to maintain aviation safety, air travellers and shippers would be confronted with frustrating delays, inconveniences and missed connections, perhaps even worse air travel restrictions such as aircraft groundings,

numerous air traffic control, air navigation and airport improvement and modernization programs would be deferred with significant long term consequences, and

important FAA regulatory functions such as aircraft certification and the issuance of safety rules might fail to be accomplished on a timely basis.

Air safety must be the number one priority for FAA, but at a price to our economy that few could justify in the name of budget economy. Congress should never permit the outcome just described to happen to programs like aviation that are user funded on a "pay as you go" basis.

SUMMARY

We appreciate your leadership in holding these hearings because of our very great concern over the impact of cuts in FAA programs to the air travelling public.

We are frustrated that the Aviation Trust Fund continues to be held a hostage in the war on deficit reduction.

The Aviation Trust Fund is not unlike the Social Security Trust Fund. Both are based on the equity of user benefits stemming from user paid premiums. What incentive can there be for other beneficiaries of Federal services to shoulder their fiscal responsibilities as long as programs like the Aviation Trust Fund are subject to deficit reduction without recognition of such equity?

We urge members, therefore, to continue your diligent efforts to secure full funding of Aviation Trust Fund programs. To do so requires no cut in any other Federal program since Aviation Trust Fund receipts, estimated to exceed $4.0 billion in 1987, are more than sufficient to cover authorized appropriations for FAA operations and NAS capital investments.

Further, we urge members of this Committee to continue to explore ways to protect Aviation Trust Fund projects from the automatic and potentially devastating affects of Gramm-Rudman-Hollings cuts now and in future years.

Aviation has come forward to meet its fiscal responsibilities by paying for the Federal programs it requires. Much remains to be done in assuring that improvements in national aviation system safety, efficiency and capacity will be provided. We appreciate your efforts and the efforts of others in Congress to keep faith with the goals we have all set in enacting the Airport and Airway Improvement Act of 1982.

Thank you for your interest. I will be pleased to answer any questions the Committee may have.

TESTIMONY OF JOHN O'BRIEN, DIRECTOR, ENGINEERING AND AIR SAFETY DEPARTMENT, THE AIR LINE PILOTS ASSOCIATION

Mr. Chairman and members of the subcommittee, I am John O'Brien, Director of the Engineering and Air Safety Department of the Air Line Pilots Association. I am testifying on behalf of the 34,000 ALPA members who fly for 49 airlines.

We appreciate the opportunity to comment on the impact that will result from an application of a 4.3 percent across-the-board reduction to the FAA budget described in the FY 86 continuing resolution. We will also comment on the potential impact resulting from the 1987 budget requested by the President and the potential impact on the FAA of a further 20 percent reduction in FY 87 if that provision of the Gramm-Rudman-Hollings legislation is imposed on the FAA budget.

Before commenting on those specific items, I would like to provide a brief assessment of the present state of our air transportation system from a safety perspective. I believe this is necessary in order for you to fully appreciate our comments concerning the effect of potential budget cuts on the Federal agency responsible for establishing minimum safety standards. This agency is also responsible for inspecting to ensure compliance with these safety standards and, furthermore, responsible for taking enforcement action against those unwilling or unable to comply with these standards. Last year was a record year for commercial aviation. Unfortunately it was the wrong kind of record, one that we certainly do not want to repeat in 1986. Worldwide there were 1,948 people killed in 34 accidents on scheduled and chartered airlines.

The previous record, in 1974, didn't even come close: 1,229 deaths in 29 accidents. Ironically, the disastrous safety record of 1985 came on the heels of one of the best records ever. There were only 224 deaths from 15 accidents during 1984. In twelve months we went from one extreme to the other.

The 1985 record for U.S. Part 121 and 135 operators was not all that good either: 48 fatal accidents with 638 associated fatalities.

What happened? Did anything change in the past year to make the air transportation system in this country less safe? What does it portend for us in 1986? And what impact will potential budget cuts have on this situation?

First, the good news. Despite widespread public misunderstanding of what has happened, the sky isn't falling. We have patiently explained to anyone who would listen that the spate of accidents in 1985 was not caused by any drastic changes in the level of safety for commercial air transport.

These accidents resulted from safety problems that have been around for quite a while. The fact that few accidents occurred in 1984 and so many happened in 1985 was a statistical fluke. In 1986 we could repeat the catastrophic 12-month period just ended, or revert to the safety record of 1984. The odds for either are almost unchanged from before.

With the exception of the word almost (which I'll get to in a moment), we can take some measure of comfort from the fact that the air transport system isn't suddenly coming apart at the seams. Flying on a U.S. scheduled airline still is the safest way to get from Point A to Point B.

Now comes the bad news. Earlier I said that the outlook for aviation safety conditions in 1986 will be almost unchanged from 1985. By that I meant that we are not facing a sudden, catastrophic failure in the safety regulatory system. What we are facing is a slower but potentially more serious erosion of the entire safety system, which started in 1978 and will continue through 1986 and beyond. There are two primary causes for this erosion and both are by-products of airline deregulation.

The rationale is simple. First, safety costs money, and price competition means that airline managers are being forced to make tough decisions on safety expenditures. All too often safety is losing out to cost-cutting. Not everywhere or every time, but enought to cause concern.

That doesn't mean that airlines necessarily are violating safety regulations, although willful violations by unscrupulous carriers appear to be on the rise. But that's only part of the problem.

Rapid expansion within our industry has diluted and the overall experience level of the personnel who make decisions which affects safety. These decisions, which are made at the CEO level and throughout other levels in organization, may be very well-intentioned. However, due to a lack of experienced management, these decisions may not turn out to be in the best interest of safety.

Carriers do not have to break the rules to make cost-saving safety cuts.

To understand why, you also must understand that most major airlines exceed FAA minimum standards. It is that extra safety margin, not the less stringent FAA minimums, that gives us our excellent safety record. Unfortunately, those extra safety margins are threatened by cost competition.

Cost-conscious managers shave a little bit here, a tad there, while the FAA offers its technically correct but misleading assurances that most airlines are operating within legal limits. Furthermore, these assurances are based on a limited ability to assess accurately what is really happening on the operators' property.

Now to the second cause of the current erosion of safety, which is the unwillingness of some in government to recognize that deregulation has costs associated with it. These are the costs required to provide the FAA the means to keep up with a rapidly expanding industry.

To its credit, the FAA is making an earnest effort to keep the system safe, but it can't do that with its current resources. The number of airlines has gone up 122 percent since 1979, while the number of FAA inspectors has fallen 30 percent. Even with the recent authorization to hire 500 additional inspectors, the FAA won't be able to fulfill all its inspection and enforcement responsibilities.

The special FAA "white glove" inspections in 1984 and the special emphasis placed on maintenance inspections in 1986 were appropriate actions, and we welcomed them.

However, both these efforts confirm what we and others have been saying all along. The FAA cannot do the job properly on a routine, day-to-day basis with its current manpower and budget. This assessment is supported by the Memorandum on Evaluation of National Air Transportation Inspection Program Reports issued April 1985 by the FAA.

Slowly but inexorably, the combined effects of cost competition, explosive growth, increasing crowdedness in the skies, and the FAA's inability to cope, are pushing us in the wrong direction.

We understand that the already approved FAA budget for fiscal year 1986 is about 3.2% less than the original budget request. We believe that even this reduced funding level would, by itself, create a significant negative impact on several FAA programs.

However, we are very concerned that a further across-the-board reduction of 4.3% in the same fiscal year could have a devastating effect on the ability of the agency to perform its statutory responsibilities. It would probably necessitate a drastic curtailment of research and development of much-needed and previously justified programs for system replacement and improvements.

This is of serious concern to ALPA from a safety standpoint. If personnel staffing in the air traffic control, flight inspection and procedures, airport inspection, and regulatory enforcement programs are affected, the margin of safety is obviously going to be reduced. This is a very likely to occur if the 4.3% in 1986 and potential 20% budget cuts in 1987 are applied "across-the-board."

It is unfortunate indeed that the mandated cut in the FAA budget comes on the heels of a congressional committee conclusion that serious problems, such as air traffic controller staffing shortages, increasing traffic, lack of supervision and an unseasoned work force, "have combined to produce a diminishing margin of safety in the nation's airways."

If budget cuts for 1986 and 1987 are applied to the operating work force of controllers, flight service specialists, and supervisory personnel, more extensive flow control measures, similar to those imposed during the early years of the PATCO strike, will not only be likely but will be necessary in order to provide an adequate level of safety.

If this situation were to develop, then system capacity would obviously be reduced. This would be unfortunate because of forecasts of lower fuel costs, which in turn could promote lower air fares and stimulate increased demand for air travel services. This public demand would go unanswered if FAA budget cuts force increased flow control or, at the very least, inhibit system capacity enhancements.

For 1987, if the current 1986 budget is reduced further by 20%, we believe that the safety and capacity of our air transportation system will be substantially reduced. We believe that the traveling public already feels that safety is at a minimum today and will not tolerate any more reduction. Budget cuts of the magnitude previously described would require a tremendous reduction in current personnel and programs from all levels. Such a reduction will cripple the ability of the agency to function as we know it today.

The FAA has many programs, projects, and activities that are underfunded even though there is a surplus in the Aviation Trust Fund. The Aviation Trust Fund consists of monies collected by passenger ticket taxes and of aviation fuel taxes paid by general aviation aircraft operators. For a number of reasons, those funds are not made available to the FAA. This amounts to a basic breach of faith between those who pay these taxes intended to fund safety improvements and those in government who approve budgets or appropriate funds.

A practical solution to this problem is to use the trust fund as it was intended by enacting legislation that would remove the trust fund from the unified budget.

We applaud the effort that you and the members of this Committee made last year and we wholeheartedly support the legislation introduced this year by Senator Kassebaum and Representative Molinari (S. 1979 and H.R. 4191).

AVIATION SAFETY PROGRAMS REQUIRING CONGRESSIONAL SUPPORT

It is the opinion of the Air Line Pilots Association that for a number of reasons the FAA has not been provided with the resources necessary to carry out its basic safety mandate. This had led to the establishment of priorities, based on inadequate funding levels, that have not in all cases been in the best public interest from a safety perspective. To remedy this situation, Congress must: (1) appropriate funds in an amount which will provide necessary resources, (2) provide directives to FAA where necessary so that proper priorities will be established in view of today's difficult funding problems, and (3) create legislation where funds and directives are not sufficient.

The following is a list of programs, projects, or activities within the four primary budget line items which need either funding, direction, legislation, or some combination thereof in order to best represent the interest of the public air traveler.

FAA OPERATIONS

Even though FAA Operations and Maintenance will receive a slight increase in the 1987 proposed budget, there are some programs in this proposed budget area that will face cuts. There are many programs in Aviation Standards funded through the FAA Operations and Maintenance budget that have a direct impact on aviation safety and, therefore, cannot withstand reduced funding levels. The following three programs need increased funding if the current level of safety is to be maintained.

1. Flight inspection and procedures program

Quality and up-to-date instrument flight procedures are absolutely necessary to provide the maximum degree of safety in our airspace system. This becomes especially critical in the approach, missed approach, and departure segments of instrument flight procedures. We are aware that the procedures sections in the Flight Inspection field offices are understaffed and are experiencing difficulty in keeping up with the ever-increasing workload. At present, a large percentage of the specialists who are assigned to develop and maintain instrument flight procedures are trainees. We further understand that formal FAA Academy training in procedures development has already been deleted because of existing budget constraints. This means that the experienced procedures specialists must devote valuable production time to training. This situation has unsafe side effects. ALPA pilots have been reporting a proliferation of lengthy Notices to Airmen (NOTAMS), which are difficult to sort out in the cockpit environment and which contain an abundance of very critical procedure changes. At a high density airport, such as Chicago's O'Hare, it is not unusual to have very long, wordy changes to several procedures for several runways. NOTAMS are intended to be temporary, but many remain in the system for months and even years. We believe that the procedure specialists are forced to resort to issuing an excessive number of NOTAMS and permitting them to remain in effect for an intolerable length of time because of being understaffed, heavy with trainees, and having inadequate resources to process new or revised procedures in a timely manner. We may be faced with the cancellation of existing procedures and/or a freeze on the development of new procedures. This would have a disastrous effect on the safety of instrument flight operations.

Since as early as 1975, those responsible for the FAA Flight Inspection and Procedures Program have been cutting expenses in a very dynamic manner. They have consolidated Flight Inspection offices, reduced their aircraft fleet, and established an automated flight check system that permits flight checks in instrument weather conditions. However, flight inspection has reached a point where further cutbacks could result in a deterioration of the navigation system as we know it today. Just as the development of new procedures might have to be halted for the lack of an adequate number of experienced specialists, the Flight Inspection offices might have to shut down navigation facilities and have procedures canceled due to the lack of resources to permit flight checks. Duplicative procedures now published (such as for noise abatement) may have to be canceled for lack of available flight hours. Periodic flight checks of ILS, MLS, VOR, and NDB navigational aids may have to be conducted less frequently. This development would be unacceptable. Also, the thoroughness of the flight check and some of the parameters tested might have to be reduced. This is unacceptable from a safety point of view.

Instead of a reduction in outlay, Congress should direct the FAA to increase the staffing and training of procedure specialists and provide sufficient funds to ensure that both the development and maintenance of instrument flight procedures and the flight inspection of navigation aids be supported at a level that will guarantee *no* derogation of our airspace system and that will accommodate future developments as modern technology overtakes today's state of the art.

2. Aircraft certification standards for new technology aircraft

Present regulations dealing with certification of air carrier aircraft do not address some of the systems and concepts being proposed for the next generation of aircraft. Systems such as fly by wire, fly by light, active controls, reduced static stability, side stick control and associated new cockpit instrumentation, where the aircraft is being partially controlled by computers, have appeared only on certain military aircraft where mission requirements dictated such systems. In many cases these automatic systems are still in the military research and development areas. However, several manufacturers are proposing that these exotic systems be standard on air carrier aircraft scheduled to be flown and certificated within the next two to three years. At the present time, the expertise in these fields is at the industry level, not at the regulatory level. For that reason, the FAA is dependent upon the respective manufacturer for certification guidance. This is a very questionable role reversal.

Therefore, if the FAA and the certification regulations addressing such systems are to keep pace with these advancements, it is imperative that funding be approved to allow FAA recruit personnel with the necessary expertise to investigate these systems and concepts, and to develop new certification criteria and regulations.

Airport inspection

Inspection of the 701 air carrier airports is a vital link in the level of safety expected of air carrier operations. The source of funding for these inspections is the FAA Operations General Funds, which are programmed to be reduced by $55 million in 1986. In addition, if the proposed Gramm-Rudman-Hollings cuts are accepted, the FAA Operations General Fund will be reduced by an additional $100 million.

The immediate effect of such a cut is to discontinue that portion of the airport inspections conducted under contract by the states. The purpose of these inspections is to gather technical data on obstructions and to gather physical data, i.e., grooving of runways, lighting, marking and other visual aids and navigation aids. It is this information that is shown on approach plates, charts, and maps used by pilots and air traffic controllers.

The secondary effect of the noted cuts is an overall reduction—estimated to be fifteen percent—in the number of FAA airport inspectors. The FAA inspector's role is to ensure compliance with the Federal Aviation Regulations concerning such subjects as snow removal, adequacy of fire and rescue facilities, security, condition of visual aids, runways, and taxiways.

The loss of, or reduction in, these two inspection programs for air carrier airports will have an immediate impact on the level of safety of air carrier operations. The most critical loss is the technical inspections. Without the data gathered by these inspections, pilots will not have current and vital information concerning the physical characteristics of the airports into which they operate.

Although there is a proposal to increase the FAA Operations budget for 1987, those increases are slated to expand the air traffic controller, air carrier, and general aviation inspection forces. None of the increases will be used to recoup the loss in airport inspectors caused by the dramatic reductions in the operations budget for 1986. This is ironic when you consider the FAA, in response to the NTSB and industry, is in the process of improving the regulations dealing with airport certification. In other words, at a time when the FAA is bolstering the airport regulations—regulations that will require additional monitoring and inspections—the government is forcing the FAA to make drastic cuts in the personnel necessary to conduct those inspections.

FACILITIES AND EQUIPMENT

F&E funding is supplied to all locations from the Aviation Trust Fund, which is derived from aviation user taxes. The aviation funding program developed in 1981 identified funding needs for FY 86 and 87. These allocations were $1,377 million in FY 86 and $1,164 million in FY 87. However, only $993 million is contained in FY 86 Continuing Resolution, and this amount may be cut to $950 million by the Gramm-Rudman-Hollings provision. Meanwhile, the presidential request for FY 87 contains only $712 million. This represents a reduction of $339 million for facilities and equipment in FY 87 and does not account for possible further cuts resulting from Gramm-Rudman-Hollings.

1. Transition to the microwave landing system (MLS)

ALPA supports the MLS program because precision approach procedures are inherently safer than nonprecision approaches. Our position has long been that there should be a precision approach to every runway used by air carrier aircraft. The flexibility of the MLS, especially regarding siting and installation costs, makes it possible to have a precision approach to runways where an ILS is not feasible. Also, the FAA is revising its Airway Planning Standard Number One to include MLS qualifying criteria that will permit MLS selection for runways that could not have qualified using the present ILS criteria. Because of its direct relation to safety, the MLS program should not be subjected to a budget cut that would delay precision approach guidance at additional runway ends. The success of the MLS implementation plan depends greatly on the will of the users to purchase MLS receivers. Implementation will be seriously handicapped if the FAA proceeds with its plan to collocate the MLS with ILS systems. Congress should direct the FAA to ensure that, in the near term, MLS systems be installed only on runways that will increase airport capacity or on runways that do not now have a precision approach system.

2. Airport surface detection equipment (ASDE)

Present traffic control radar was not designed for and is incapable of accurately locating aircraft on the ground. In poor visibility conditions, a controller and quite often another pilot cannot determine if an aircraft is clear of a runway or taxiway. You will recall the Tenerife accident where two 747 aircraft came together at the

Canary Island airport because there was confusion concerning aircraft location. During the past ten years, there have been several collisions between aircraft and other vehicles on the airport surface in low visibility conditions. Also of serious concern to ALPA are the numerous runway incursions that have occurred and are increasing at an alarming rate. All of these accidents and incidents might have been avoided if effective and reliable surface radar had been available and in use.

The research and development efforts for an improved radar system have taken 10 to 15 years. A contract has already been awarded for new radar equipment (ASDE III) that will increase safety by improving the controller's ability to monitor aircraft on the ground. The new equipment will enhance airport safety by giving controllers a clear all-weather radar picture of traffic movements on runways and taxiways, ramps, and other operational areas. The FAA contract calls for the delivery of 17 systems and includes an option for 13 more. Any delay in these installation plans could have a serious negative impact on safety due to the increasing number of runway incursions. Congress should direct the FAA to continue procurement for ASDE III and ensure that the current contract level of $55 million be maintained.

We recommend that Congress insert a statement that directs the FAA to continue the present schedule for the installation of the thirty ASDE III systems without delay and provide the necessary resources to accomplish this goal.

3. National airspace system plan

This is an ongoing program, a key element of which is aimed at replacing existing ATC computer systems which are not adequate for handling the projected growth in aviation traffic beyond the late 1980's. The new computers are the bases for several safety improvements which cannot be accommodated by existing computers because of capacity limitations. For example, the new computer software will provide for a "conflict resolution" function. This will not only alert the controller to potential aircraft conflicts but will also suggest actions for effective resolutions of the situation. The new computers will also detect and track all aircraft equipped with an altitude reporting transponder (even though not under radar control) and automatically alert the controller when such aircraft are in conflict with IFR aircraft. This feature will significantly reduce the potential for near-midair collisions.

Existing air route traffic control centers are being expanded to accommodate the new equipment. Delay of this program as a result of budget cuts in the Research Engineering and Development and Facilities and Equipment line items have already delayed key portions of this up to three years. The proposed further cuts in FY 87 over those amounts originally authorized would extend the program over a longer period and result in additional cost overruns. To ensure that the future growth of aviation can be safely and efficiently accommodated in the National Airspace System, congressional support for the current level of funding for the National Airspace System Plan is critical.

RESEARCH ENGINEERING AND DEVELOPMENT

Research and development funding is taken from the Aviation Trust Fund, which is entirely derived from user taxes. In 1981 as part of a five-year spending plan, Congress authorized $215 million for 1986; however, as a result of budget deficits in 1985/86, Congress passed a continuing resolution for expenditures for only $190 million. Should the Gramm-Rudman-Hollings cuts materialize, the spending limit could drop to $181 million, which in our opinion is not adequate to continue the necessary research and development programs currently underway.

For 1987, Congress authorized $193 million, but again, this has been reduced by the President's budget proposal to $134 million. In our opinion, this will result in drastic measures being taken by the FAA to stay within these funding levels. With this in mind, we feel that certain programs, such as those listed below, should be given special consideration and be immune from further reduction and that funding for FY 87 should be established at $190 million.

1. Traffic alert and collision avoidance system (TCAS)

The development and implementation of an effective airborne collision avoidance system is long overdue and needed now more than ever. This system is not dependent upon the ground-based air traffic control system. The TCAS system currently under development is only marginally effective and will not provide the aviation public the degree of safety that today's technology permits. This system is known as TCAS II and provides only vertical escape maneuvers. Another system under development is TCAS III, which offers more accurate information than TCAS II, provides both horizontal and vertical escape maneuvers, and reduces the number of unnecessary alarms. Clearly the improved TCAS III system is more appropriate for airline installation, primarily because of its increased accuracy and the addition of a horizontal escape maneuver, which would be more effective in preventing a collision at both high and low altitudes. We feel that Congress should direct the FAA to implement, as quickly as possible, a collision avoidance system with horizontal as well as vertical escape maneuvers. To achieve this goal, the FAA must conduct a Limited Implementation Program (LIP) for TCAS III, and a funding level of $4 million should be established in the 1987 FAA budget for this purpose.

2. Human performance research

In order to help ensure safety in our nation's aviation system, it is important to understand areas where human shortcomings may lead to problems, incidents, or accidents. The FAA is attempting to address these issues through selection, hiring, and operational practices for its employees. Pilots are the other half of the important safety equation. The FAA published a Cockpit Human Factors Plan in January 1985 that is designed to investigate human interface with an automated air traffic control system and highly automated new aircraft. The FAA has begun to address several operational safety issues identified by this plan, and more will be studied at a later date. Rather than curtail these important human interaction safety studies, we feel the FAA should proceed with its plan with increased vigor and commitment. One of these issues being studied is an investigation of the operational implications of failures in automated aircraft systems and the impact of reversion to manual control. These safety studies will yield important immediate operational safety gains and continue to pay safety dividends in the future. The funding level for this program established by the FAA is $4.3 million for 1986. This funding level should be increased to $4.5 million for 1987. Congress should ensure that these levels of funding are maintained to adequately support research into these human factors issues.

3. Runway friction measurement

At the present time a pilot landing or taking off on a runway contaminated with snow, ice, or slush must rely primarily on other pilot reports as to the condition of that runway and the ability to stop on that runway. These pilot braking action reports are very subjective because the reporting aircraft could be a different model—lighter/heavier, faster/slower, etc. There have been many instances where aircraft have run off the runway because the flight crew had inadequate information on the stopping condition of the runway itself. Therefore, there is a need to determine if the presently available friction measurement vehicles are sufficiently accurate under winter contaminated conditions to be used to give runway friction measurement information to a flight crew. These vehicles have proven themselves to be very useful to the FAA and an airport operator in ensuring that the runway is maintained to a satisfactory dry/wet level of friction. We must now expand this knowledge to determine the vehicles' reliability under winter conditions. Such a research and development program is approximately fifty per cent complete. Since this program involves both ground vehicles and large transport aircraft (B-727 and B-737), Congress should either earmark or recommend that $500,000 be spent each year, for the next four years, in order to complete this project.

AIRPORT IMPROVEMENT PROGRAM (AIP)

The Airport Improvement Program funds are used for such diverse items as the purchase of rescue and fire-fighting equipment; snow removal equipment; visual aids, such as runway and taxiway lights, rotating beacons and marking of obstructions; security fencing; and runway overlaying and grooving in order to improve drainage and assist the pilot in bringing an aircraft to a halt on the runway. Prior to 1986, it was determined that in order to fund those safety improvements necessary for 1986, $1,017 million would be required. This amount was reduced to $925 million by the Continuing Resolution and reduced even further to $885 million by the Gramm-Rudman-Hollings legislation. Furthermore, it was also determined that AIP funding for 1987 should also be $1,017 million. However, this amount was reduced to $712 million.

At a time when, due to deregulation, traffic at air carrier airports is increasing appreciably and resulting in a need to add safety improvements, the funding for these improvements is being reduced by 13% for 1986 and 30% for 1987.

Since Congress has mandated that the FAA improve airport safety, it is imperative that the funds for airport improvements through the AIP be restored to the $1,017 million level originally authorized by Congress. If not, the weakest link in the air safety system will be the air carrier airports. The Air Line Pilots Association is deeply concerned by the 3.2% reduction that has already been made in the FAA's 1986 budget and the possible 4.3% across-the-board cut that has been proposed. We cannot contemplate the future of air safety with a staggering 20% reduction in 1987. The safety of our passengers and our crews should not be compromised.

It is of vital importance, therefore, that the Aviation Trust Fund monies be used for the purpose for which they were intended and for which they were collected: the improvement of air safety in the United States.

Mr. **Mineta**. I would like to call forward the next panel made up of Mr. David S. Fulton, president, National Association of State Aviation Officials; Mr. James D. Gormley, vice president, General Aviation Manufacturers Association; Mr. Robert A. Cooke from the National Business Aircraft Association; and Mr. John J. Sheehan for the Aircraft Owners and Pilots Association.

All of your statements will be made part of the record, so, Mr. Gormley, we will start with you. Please go ahead and proceed in your own fashion.

TESTIMONY OF JAMES D. GORMLEY, VICE PRESIDENT, GENERAL AVIATION MANUFACTURERS ASSOCIATION; JOHN J. SHEEHAN, SENIOR VICE PRESIDENT FOR GOVERNMENT AND TECHNICAL AFFAIRS, AIRCRAFT OWNERS & PILOTS ASSOCIATION; DAVID S. FULTON, PRESIDENT, NATIONAL ASSOCIATION OF STATE AVIATION OFFICIALS, AND DIRECTOR, OFFICE OF AERONAUTICS, TENNESSEE DEPARTMENT OF TRANSPORTATION; AND ROBERT A. COOKE, VICE PRESIDENT, OPERATIONS, NATIONAL BUSINESS AIRCRAFT ASSOCIATION

Mr. **Gormley**. Thank you, Mr. Chairman.

I will summarize my statement, but let me say first of all that I appreciate the opportunity to testify before this subcommittee on a subject that is a matter of great concern to the general aviation industry, the impact of current budget projections on aviation programs.

As you so graphically pointed out in your opening statement, Mr. Chairman, the aviation community has suffered from annual appropriations below those needed and authorized by this committee. But the potential cuts embodied in the President's 1987 budget and the Gramm-Rudman-Hollings bill threaten aviation programs to a greater degree than ever before. Yet the aviation trust fund continues to grow. Its unobligated balance, as has been pointed out previously, is roughly $3.3. billion today.

Now, should the Gramm-Rudman-Hollings bill impose cuts of approximately $1 billion in the FAA's nominal $5 billion budget for 1987, it should be obvious to all that enormous capacity problems and potential reductions in safety margins could result from cuts of that magnitude. This is not only unacceptable; it is unnecessary, because the funds are available.

Now, Mr. Chairman, you and your colleagues came to grips with this problem last year and took steps to eliminate the trust fund from the budget process. We strongly supported your effort, which ultimately failed in a close vote on the House floor. Similar action has been initiated in the Senate this year, S. 1979, and we have testified in support of that bill.

We strongly urge you to take similar action in the House again this year, including a provision to exempt trust fund moneys from sequestration. The future of our air transportation system and the safety of millions of air travelers is at stake.

There are two other programs that have not received much visibility, which are subject to Gramm-Rudman-Hollings reductions, which are very important to the manufacturing sector. Those are FAA aircraft certification and NTSB accident investigation programs.

Though we do not have any positive indications that FAA's certification activities will be significantly curtailed during the remainder of this fiscal year, thus affecting current aircraft programs, significant future cuts could slow our development programs in the years ahead.

Any substantial changes in certification activities could raise industry costs and make it more difficult for us to compete in the world market. This FAA certification program is vitally important to the application of new technology and the viability of our aircraft manufacturing industry.

Another potential impact of anticipated budget cuts on the general aviation industry was expressed by NTSB Chairman Burnett, who testified that if the NTSB staff is slashed from 324 to 306, they may be able to investigate only a sample of general aviation accidents to maintain a statistical base. A further staff reduction under Gramm-Rudman-Hollings offers even more onerous prospects. We have learned many significant lessons from the NTSB accident investigation programs and strongly oppose any reduction in these activities.

Mr. Chairman, we gratefully acknowledge your leadership and the understanding support that you and so many of your colleagues have shown toward these aviation issues. Rest assured that you have our support in return. The safety and capacity of our air transportation system and the viability of our aircraft industry are absolutely vital to our national interest.

Thank you, sir.

Mr. **Mineta**. Very good.

Mr. Sheehan, would you go ahead and proceed?

Mr. **Sheehan**. Thank you, Mr. Chairman. We appreciate the opportunity to come and speak here today.

Earlier today, when I heard you going through the litany of descriptors of what the administration was trying to do with the trust fund, I thought you were going to leave out the most accurate descriptor, but I heard you slip it in just a few moments ago, and that is "a ripoff," and that is exactly what we think is happening with our trust fund moneys out there.

But let's talk a little bit about the true subject that you have called us here for today, and that is, what will be the effect of Gramm-Rudman-Hollings upon the budget?

In a nutshell, the way we see it, the problem is not going to be one of safety. We have heard a lot about safety impacts. We just don't think that the system will allow that to happen, and the good folk in the FAA are not going to allow that to happen.

What will happen is that system capacity will not only be constrained; it will probably be reduced, and any hope of expanding the system in the out years will be dashed. It will be something that we will never be able to catch up from.

I guess our bottom line on the trust fund is, Let's go ahead and use it, but even more than that, let's go ahead and protect it. We support taking the trust fund off the budget. We support not only the safeguards that are supposedly built in there now, that the administration wants to take; we support strengthening those.

Within the past 2 weeks, we have sent our desires concerning the 1987 Airport and Airways Improvement Act changes to Mrs. Dole and Administrator Engen. In that—and you have a copy of that, by the way—we have asked for strengthened safeguards in that regard. We feel very strongly about that, and we feel you do, too, because of your efforts in the 1982 bill, and look forward to working with you in the future.

To answer the question that you proposed in your opening remarks this morning, we do not support taking any greater percentage of FAA operations and maintenance money from the trust fund. We feel that to take more out of the trust fund would neglect the public benefit that is derived from the air transportation system; would neglect the fact that military and State aircraft use it; and neglect the amount that is applied to our international treaties in satisfying air carrier rights. So, very bluntly, we don't think any more should be taken out, and the administration's proposal of 75 percent, we think, is much too high.

To talk about a few specifics within what could happen in 1987 under Gramm-Rudman-Hollings, let's talk about O&M a little bit. One of the biggest things that concerns us would be a decrease in flight service station services, and integral in that particular part of the budget is the fact that there would be a decrease in flight service station personnel.

We cannot allow this to happen because, right now, there is a shortage of experienced air traffic specialists that work in the flight service stations. The modernization of the flight service station system has not progressed as was promised over the past 4 years by the FAA, and because of that, we need those additional personnel for an indeterminate period of time.

Some of the down side, we see that somewhat hidden in there is that there could possibly be, and probably would be, some reduction in regulatory and procedural personnel levels within the regions and with FAA headquarters. Now, this may not initially seem like a big problem, but the problem comes that any time we try to get a change through—and many of these changes are safety related—it can take years to get these things through the FAA hierarchy because there is insufficient personnel to process these changes.

There is a double whammy hidden in the accident investigation feature of what NTSB was saying this morning, too. As you are well aware, more than half—in some categories, much more than half—of all the aircraft accident investigations are done by FAA operations personnel.

There is a threat to those personnel out there, also. So if you cut both NTSB people and FAA operations inspectors, you are going to have nobody out there to do accident investigations.

We support everything and underscore everything that has been said about potential reductions to the airport improvement program funds. The proposed 30 percent reduction from authorized levels right now, I think, would be criminal given the fact of system constraints that we have right now.

I was happy to see Congressman Bosco this morning bring up the subject of are there sufficient airport district office personnel out there to process airport improvement grants. For the past 4 years, in our appropriations testimony, we have included that each time because there has been a slow erosion of these personnel. I will answer the question for them: There are insufficient personnel out there to support those essential elements.

Everybody has been concentrating on F&E, and I guess we see an opportunity, in F&E funds, to take a look at some of the programs that have been touted as the salvation to the system. Some parts of the National Airspace System Plan that were given to us as an article of faith by Mr. Helms over 5 years ago, I think, need to be looked at again. We think that there can be economies out there, and efficiencies, by looking at some of those programs.

At this point I would like to say I was a little bit disturbed by Mr. Frisbie's comments this morning, talking about his euphemism of funding flexibility. Where I come from, we call that playing fast and loose with the moneys. It is called take the vacation now and figure out where the car payment is coming from a little bit later.

I would like the Congress to take a very close look at that because there is nobody out there watching the store as to what priorities they assign to those projects that are being taken off full funding. I think you picked up on that this morning, and it came as somewhat of a surprise for me.

I was also happy to see Congressmen Hammerschmidt and Lightfoot this morning talk about flight service stations and the concern of the user community out there. I have to echo that concern. There are serious difficulties out there.

We think this should be the subject of a separate hearing out there. I would also like to emphasize the fact that severe weather systems, whether they be detection systems or dissemination systems, need to be emphasized. I was happy to see that the FAA is trying to take a shortcut approach to getting to an essential element such as terminal doppler weather radar. I would like to see that accelerated.

But there are other pieces that need to be accelerated, also. We have been waiting a long time for things like NEXRAD, AWOS, and a whole host of other items that are weather related. These are critical.

The advanced automation system, we think that is one of those items in the NAS plan that really needs to be looked at closely. We have advance word from one of those good Washington sources that the GAO's investigation of the advanced automation system will show severely reduced cost-benefit ratios accruing to that system. In fact, it might be a cost-deficit ratio that comes out of it in the final analysis when you look at it closely.

This is the time to look at that system, when we have bought time with the host computer. We think that there are some alternatives out there that can serve us well.

Research, engineering, and development relate directly to safety and capacity issues. If we are going to get on with those, let's get on with it. This has been the orphan part of the budget for several years now, and it is probably going to take one of the largest hits if in fact Gramm-Rudman hits us full force.

I would like, finally, to emphasize the fact that we do appreciate your efforts that you have put forth in all the areas that I have been talking about, and we look forward to working with you in the troubled times to come.

Thank you, sir.

Mr. MINETA. Thank you very much, Mr. Sheehan.

Mr. Fulton.

Mr. FULTON. Thank you, Mr. Chairman.

My name is David Fulton. I am the president of the National Association of State Aviation Officials and the administrator of aviation for the State of Tennessee.

On behalf of NASAO, I very much appreciate the opportunity to appear before you today. As you are well aware, NASAO is in many instances similar to the FAA, in that we are a governmental organization with a joint partnership role to work with the FAA to ensure a continued, adequate aviation system for this Nation.

Before I address my specific comments, I would also like to say that we wholeheartedly support your view that the aviation user has been treated less than equitably in the past as far as revenues from the trust fund. We very much advocate your efforts, and we would support your efforts to remove the trust fund from the unified budget.

With regard to Gramm-Rudman-Hollings, I do not intend to dwell today on the effect; it has been articulated very well. Reductions in funding are a fact; they are coming. As that occurs, resource allocations will have to be made. There is no question that FAA will have to focus their primary emphasis toward safety and capacity needs as they should.

When that occurs, we are very concerned that the areas of airport planning and development could suffer. As Mr. Jones said earlier today, there will be work for which Federal funding assistance will be sought that they be unable to fund.

Right now, as was mentioned earlier, there are $3.3 billion in applications for Federal aid on file with the FAA, $792 million in my own FAA region. Certainly many of those applications are there because funding is not available, but we feel that much of that funding has not occurred because of the absolute impossibility in handling the workload.

FAA reduction in personnel in the airport division area in my region has gone from 101 in 1975 to presently 65 people. So we feel that, as State leaders, we must try to offer some help in solving this problem, and we are committed to take on an increased responsibility for assuring continuous aviation system development. That is what I would like to focus my comments on today—what the States can and are willing to do.

We are willing and able to accept a major role in the administration of the airport improvement program. A week ago, we committed to Mr. Engen that we are prepared to offer immediate assistance in that many, if not most, of the States are ready to take over now the administration of the Federal AIP Grant Program for nonprimary air carrier, reliever, and general aviation airports. By immediately, I mean fiscal year 1987.

We intend to meet with the FAA in the next 2 weeks to work out the details in how to qualify States for this purpose. We are committed that if we are able to take this over, there will be no lessening in standards. The program will be administered on an equal basis as it is now.

We feel that we can help in this area, and it will allow FAA to concentrate their efforts and manpower on safety and improving airport capacity. Probably more importantly, we think we can save money. We are working on a paper now to come up with statistical information to show exactly what savings can result. I would like to point out that FAA has 476 people working in the airport division. Obviously, if we can relieve the duties of a majority of those people, cost savings can be made.

There are many duplications of services right now at the State and Federal level that could be resolved. Many States—my own, for example—administer a much larger construction program every year than the Federal entitlement program for general aviation within our State.

The big question, is of course, will it work, and I would like to spend just a few moments showing that it will, absolutely.

First of all, this is not a new idea. We have talked about State administration of some level of the airport grant program for at least 10 or 15 years. We have gained some experience in the last few years. Forty States right now are contracting with the Federal Government in many facets of services; for example, collection of airport safety data.

One of the strongest reasons it will work is that 36 States are members of departments of transportation which have large assets available as need to carry out this program. In my own case, there are 6,000 people in the department of transportation if needed to work in this effort.

The American Association of State Highway and Transportation Officials has adopted a policy statement supporting our views. As you are well aware, for years the State departments of transportation have administered FHWA grants, which are many times larger than what we are discussing.

In 1978, a State demonstration program was developed and achieved considered success, and I think the overall result was that there was no question the States could carry out this effort.

But, finally and the most important exhibit of our abilities many of the States are already doing it. There are 24 States today that have State channeling acts requiring them to administer the funds, at least for general aviation, in their States. Ten States, such as mine, also have legislation giving them an agency role in dealing with sponsors of their State.

To summarize, there is no question that there are hard times ahead. We feel that we have a responsibility that we must address as State aviation leaders, and we can offer immediate assistance, so I would like to encourage and ask for your support both for the immediate future and the future in assisting us in our voluntary effort to help the FAA in the administration of their program.

Thank you.

Mr. MINETA. Thank you very much, Mr. Fulton.

Mr. Cooke, it is nice to have you here. Your statement will also be made a part of the record. Please go ahead and proceed in your own fashion.

Mr. COOKE. Thank you, Mr. Chairman.

I want to congratulate you and thank you for your opening statement. I found it to be an important and extremely clear articulation of the situation in which we now find ourselves.

We share your increasing frustration with the inadequate funding for aviation programs. You will recall that NBAA and its membership supported the 1982 act and the accompanying tax legislation, and believe me, it was painful to sign on as supporting the tax legislation, but nevertheless, we believed in the threefold promise of expanded capacity, increased safety, and enhanced efficiency of the airspace that we expected the act to bring us.

The 1982 Act has not fulfilled its promises and indeed has not been allowed to fulfill its promise by Congress and the administration. We would offer for evidence of that the 1984 record of system delays during the summer and fall and, as further evidence, the extremely, to our minds, wrong-headed high-density airport traffic rules which have been in place since 1969 at four major air carrier airports.

The result of the failure of Congress and the administration to fulfill the commitments made in 1982 has been to delay the implementation date of numerous system enhancements while deferring expenditures to later years, in some cases possibly into the next century.

Further, the uncommitted balance which has been referred to several times of, by our estimate, $3.5 billion has been allowed to build up in the trust fund. The reductions in funding, coupled with the cuts contained in the President's 1987 budget proposal, will combine to reduce authorized spending on FAA capital investment programs since 1982 by as much as $2.3 billion.

The root cause of the problems and delays confronting the national system of air transportation is the application of budget constraints to a delicate funding mechanism which is not now, nor has ever been, in a state of imbalance. The persistence of the administration and the Congress in asking users to pay for system improvements and then not spending the funds for the purposes intended, has resulted in a bewildering patchwork of broken promises, unfunded needs, and artificially imposed operational constraints.

This chain of events must be broken and broken immediately. Toward that end, we fully support and urge expeditious enactment of legislation to remove the trust fund and its programs from the unified budget.

I will be pleased to take any questions you may have, sir.

Mr. MINETA. Very good. Thank you very much.

Now, Mr. Sheehan has already expressed his views on behalf of AOPA on this issue, but I would like to give the panel an opportunity to respond to the question I asked the first panel about funding FAA operations. What would you think of increasing the funding from the trust fund for FAA operations as part of a package which would protect operations from budget cuts and Gramm-Rudman-Hollings cuts?

Mr. Gormley.

Mr. Gormley. Mr. Chairman, my initial reaction to that question would be to resist the suggestion that we should agree to allow additional funds to be vectored to the O&M pot.

But I think that, given the challenges that we face, and taking a very realistic view, I think I would have to commit to you that we would certainly retain an open mind in dealing with the challenges that we all face.

We have heard so many different problems and issues and challenges to the aviation community identified in the testimony before this committee today that it is unrealistic to think that we can continue to operate given the proposed cuts without making some sorts of concessions some place.

I would think that if it were absolutely essential for you, in trying to negotiate the desired objective of removal of the trust fund from the budget process and from the threat of Gramm-Rudman-Hollings, I would certainly encourage you to proceed and to see what kinds of concessions you might have to make in order to achieve that very desirable objective.

So I guess my bottom line would be that we would certainly be committed to retaining an open mind in this regard and would be happy to negotiate or work with you in this regard downstream.

Mr. Mineta. Mr. Fulton.

Mr. Fulton. Thank you.

I feel that it should be considered for this reason: I think the risk of staying on-budget is probably much greater than the risk of allowing more O&M money to come out of the trust fund. I am afraid that if we stay on-budget, we will get the same result without any gains. I am not saying I advocate it. I just think it should be considered and looked at.

Mr. Mineta. Mr. Cooke.

Mr. Cooke. Yes, sir.

We have always felt that the benefit to the general public from the airport and airways system has been underestimated by Federal aviation agencies and others. However, I think that the chairman's idea is worth exploring. It is a matter of finding what assurances would have to be made to make a deal, if you will, that would be equal to or better than 17 votes.

Mr. Mineta. Mr. Fulton, you state in your testimony that State aviation agencies are ready, willing, and able to take on more responsibility in the administration of the AIP grants. What about funding? Are State aviation agencies in a position to provide additional funding to make up for the 20- to 30 percent reductions in Federal funding under the President's budget and Gramm-Rudman-Hollings?

Mr. Fulton. We can make up some of the difference. First of all, in my State, we are already funding for general aviation twice the level on a State basis that we receive in Federal funds entitlements each year. But we are looking right now for new sources of revenue. I know North Carolina is investigating this, also.

Many States have sales tax on aviation fuel, for example, that goes into a State general fund. We continue to push for a State user fund available for airport development. Not all States may be prepared at this time to make up the difference, but I think they have no alternative, and in the long run, that is what will occur.

Mr. **Mineta**. Mr. Gormley, you mentioned the potential impact on aircraft certification resulting from reductions because of Gramm-Rudman-Hollings, and you suggest that the result would be to raise industry costs and make it more difficult for your industry to compete in the world markets. Could you elaborate on this, please?

Mr. **Gormley**. Yes, sir. The situation as it has existed in the past—and, fortunately, still exists today—involves a very close working relationship with our manufacturers, their engineering staffs, and what have you, with the FAA. There are a number of onsite negotiations, conferences, visitations, and so forth that are all part of the long-term certification process.

Given the threat of serious budget cuts, the FAA inspectors will not, it is anticipated, have the travel funds nor the leeway that have enabled them to provide these onsite services in the future as they have in the past. In all probability, there will be fewer of those inspectors, and hence, the demand for their services and their availability will certainly be, it is anticipated, diminished.

Therefore, we would anticipate delays as well as increased costs of taking our aircraft, our engineering teams, and so forth, to visit the FAA rather than vice versa, a service that they have provided and which has been so valuable to the process in the past.

Mr. **Mineta**. Mr. Cooke, as you mentioned in your testimony, one of the important benefits of the modernization of the ATC system will be improved efficiency. Through funding cutbacks and delays, we are obviously delaying those efficiency gains. Are we losing some of these efficiency gains permanently because of funding deficiencies?

I sense that by adopting the President's budget, we would do more than just delay the benefits of the modernization; we may forgo them altogether. I am wondering, do you see this as a problem?

Mr. **Cooke**. That is a very complex question. Mr. Chairman, I have had the opportunity to sit with an RTCA committee that is trying to examine the year 2010 and what will the communications, navigation, and surveillance systems look like in those years. The base line is the assumption, in the United States, that the National Airspace System Plan has been incorporated, and we have enjoyed those benefits.

The longer term damage that can be done by this year's budget, by the 1987 budget, I think, is very serious in terms of outyear planning. Certainly the growth that has been forecast and what we saw in the FAA Aviation Forecasting Conference a couple of weeks ago as to the outlook for those out years, the system will not have the growth potential to accommodate that traffic, and those airplanes that you suggest will be sitting in the desert could very likely be sitting there.

Mr. **Mineta**. Mr. Sheehan, you note that nine NASP programs will not be funded under the full funding approach that FAA normally uses. You say this may prove useful. Could you elaborate on your views on full funding? If we do not have full funding, won't we have a problem of needing more than the authorized levels of funding in the future?

Mr. **Sheehan**. That is true, but it sounds like the FAA has already preempted that particular philosophy and that they are going to delay systems into the future by themselves.

The reason I say it is an opportunity for us is that, for those systems and programs that are taken off full funding, it allows us time to take a better look to see if these systems are really going to serve us well.

For example, you know, we have several editions of the brown book now. If you look back to edition 1 of the brown book and look at the dollar and personnel savings that were predicted for certain programs, and look at the current edition of the brown book, I think you will be fairly surprised to see the erosion of some of those benefits.

I just mentioned the absolute erosion of the advanced automation system. What other programs fail to have a benefit for us and actually become a detriment to us? I think that is what should be looked at.

Mr. **Mineta**. Well, let me thank the four of you very much for being here today. Over a long period of time, each of your associations has been really helpful and vital to us as we develop legislation or as we undertake our oversight responsibilities in this area of aviation. So I just want to thank you for being here today, as well as your organizations, for the past and our continued working relationship.

Thank you very much.

[Mr. Gormley's, Mr. Sheehan's, Mr. Fulton's, and Mr. Cooke's prepared statements follow:]

STATEMENT OF JAMES D. GORMLEY, VICE PRESIDENT, GENERAL AVIATION MANUFACTURERS ASSOCIATION

Mr. Chairman, I appreciate the opportunity to testify before this subcommittee on a subject that is a matter of great concern to the general aviation industry—the impact of current projections on aviation programs. It is indeed ironic that the needed modernization of our nation's airport/airway system—with its significant safety ramifications—is facing severe cutbacks at this time when the funds dedicated to support the required and authorized programs have already been collected and are readily available in the Aviation Trust Fund. The withholding of these funds would be an unconscionable betrayal of the countless aviation system users who supported adoption of the tax scheme and who have willingly paid their user taxes to finance capital improvements in our air transportation system.

The obligations of the Congress and Administration to the aviation user community were clearly outlined during the negotiations leading up to the passage of the 1982 Airport and Airway Improvement Legislation. In the succeeding years, through 1986, cuts in Facilities and Equipment, Research and Development, and the Airport Improvement Program have reached well in excess of $1 billion. Yet the Aviation Trust Fund continues to grow; its unobligated balance today is roughly $3.3 billion.

These cuts have caused delays in implementing many needed programs. There is growing Congressional concern over the public's perception of aviation safety. Several committees have held or will soon hold hearings on the subject. Various studies—most recently the GAO report—have criticized Air Traffic Controller manning, morale and controller workloads—and recommended changes to enhance system safety. Crowded skies and air traffic delays have evoked significant criticism. Yet, many of the very programs authorized to correct system shortcomings have been underfunded in the past, and the President's FY 1987 budget, compounded by the prospects of the Gramm-Rudman-Hollings sequestration, would severely exacerbate this growing problem. Should G-R-H impose cuts approximating $1 billion in the FAA's $5 billion budget for FY 1987, it should be obvious to all that enormous capacity problems and potential reductions in safety margins could result from cuts of that magnitude. This is not only unacceptable, it is unnecessary; the funds are available.

Mr. Chairman, you and your colleagues came to grips with the problem last year and took steps to eliminate the Trust Fund from the budget process. We strongly supported your effort which ultimately failed in a close vote on the House floor. Similar action has been initiated in the Senate this year—S. 1979—and we have testified in support of that bill. We strongly urge you to take similar action in the House again this year, including a provision to exempt Trust Fund moneys from sequestration. The future of our air transportation system and the safety of millions of air travelers is at stake.

There is another FAA program subject to G-R-H reductions which is very important to the manufacturing sector: aircraft certification. Though we do not have any positive indications that FAA's certification activities will be significantly curtailed during the remainder of this fiscal year, thus affecting current aircraft programs, significant future cuts could slow our development programs in the years ahead. Any substantial changes in certification activities could raise industry costs and make it more difficult for us to compete in the world market. This FAA certification program is vitally important to the application of new technology and the viability of our aircraft manufacturing industry.

Another potential impact of anticipated budget cuts on the general aviation industry was expressed by NTSB Chairman Burnett last week. He testified before a Congressional committee that if the NTSB staff is slashed from 324 to 306, they may be able to investigate only a sample of general aviation accidents to maintain a statistical base. He added that the impact on safety "will not be good. It will have a negative effect." We have learned many significant lessons from the NTSB accident investigation programs, and strongly oppose any reduction in these activities. Safety simply cannot be compromised.

Mr. Chairman, we gratefully acknowledge your leadership and the understanding support you and so many of your colleagues have shown toward these aviation issues. Rest assured you have our support in return. The safety and capacity of our air transportation system and the viability of our aircraft industry are absolutely vital to our national interests. Thank you.

STATEMENT OF JOHN J. SHEEHAN, SENIOR VICE PRESIDENT, AIRCRAFT OWNERS AND PILOTS ASSOCIATION

Mr. Chairman, the Aircraft Owners and Pilots Association appreciates this opportunity to testify before this subcommittee regarding the President's budget proposal and the impact of the Gramm-Rudman-Hollings Balanced Budget and Emergency Deficit Control Act of 1985 on FAA's airport and airways programs for Fiscal Year 1987.

On behalf of the 265,000 members of the Aircraft Owners and Pilots Association, I would like to thank you, Mr. Chairman, for this committee's strong support for aviation programs and development. We support your efforts today to identify the adverse effects of the FAA budget cuts on aviation programs and outline some possible solutions.

OVERVIEW

The budget reductions posed by Gramm-Rudman-Hollings may not affect the safety of the air traffic system, but will most certainly severely curtail system capacity and preclude any system expansion capability.

For several years now, AOPA has come before Congress with suggestions on the National Airspace System plan and our concerns over the merits of some portions of the NAS program. We cautioned Congress not to hand the Federal Aviation Administration a blank check to the Aviation Trust Fund built with airspace users' deposits, but to carefully evaluate the merit and feasibility of the individual NAS programs.

Now that technological delays and budgetary problems have intervened with the NAS plan timetable, there is an opportunity to analyze the NAS plan and for Congress to give FAA specific directions on certain program developments. This is the good news.

The bad news is we are concerned that the potential 20% Gramm-Rudman-Hollings cuts in addition to the President's budget reductions for Fiscal Year 1987 are simply too much and will cripple the air traffic system operations and maintenance. The Administration's proposal is already $700 million below the level authorized in the Airport and Airways Improvement Act of 1982; additional Gramm-Rudman-Hollings cuts could bring that figure over $1 billion. Funding cuts of this magnitude would drastically impair the basic air transportation system utility and diminish the air traffic system capacity.

AVIATION TRUST FUND

The Administration has proposed that an additional $736 million beyond what is authorized by law be drawn from the Trust Fund to cover the operations and maintanance of the FAA. Congress committed this nation to a far reaching plan to modernize the federal aviation system and expand this country's network of airports. This modernization and capacity improvement to the Nation's airports and airways systems was to be funded by the airspace users through dedicated excise taxes paid into the Aviation Trust Fund.

Presently, billions of dollars paid into the Aviation Trust Fund are not being utilized. The unobligated surplus, now more than $3.5 billion, is growing faster than ever in its fifteen-year history. The present inequitable situation with aviation user tax revenues held hostage to the federal deficit must not continue.

The large Trust Fund surplus is an irresistible target and the Administration has proposed legislation to finance 75 percent of the Federal Aviation Administration's operating costs from these funds. This effort is in direct confrontation with the basic purposes for which Congress established the Aviation Trust Fund.

We strongly oppose this ill-conceived raid on the Trust Fund.

We agree that a legislative solution must be reached in order to free the Aviation Trust Fund from the illogical budgetary constraints imposed by the federal unified budget, whereby this dedicated user tax is used to shelter other spending from the U.S. Treasury general fund.

For these reasons, the Aircraft Owners and Pilots Association supports H.R. 1491 and S. 1979 to take the Aviation Trust fund off-budget but still make it part of the annual federal appropriations process. AOPA fully supports your efforts to ensure that the Aviation Trust Fund will actually be used for the purpose it was established—enhancement of the utility and safety of this country's airport and airway system.

FACILITIES AND EQUIPMENT PENALTY PROVISIONS

AOPA opposes the Administration's effort to remove the penalty provision contained in the authorization law. This provision was instituted to ensure that the Aviation Trust Fund was not raided for FAA's operating expenses. This provision ties the operations and maintenance funding level from the Trust Fund to the expenditures for aviation capital improvements in the facilities and equipment account.

We believe this is a good provision and will continue to ensure that taxes raised to improve the air traffic system will actually be spent for needed capacity improvements and not siphoned off for annual operating expenses and FAA salaries.

We urge Congress to continue support for this penalty provision.

FY 1986 BUDGET PROPOSAL FOR FEDERAL AVIATION ADMINISTRATION

The Gramm-Rudman-Hollings 4.3% across-the-board cut for Fiscal Year 1986 resulted in $211 million reduction in the Federal Aviation Administration budget to be accommodated in the last seven months of the fiscal year. These cuts will come primarily from FAA Operations and Maintenance account and Trust Fund programs. It also jeopardizes the FAA's ability to hire new air traffic controllers, security specialists and maintenance inspectors as mandated by Congress.

FAA Administrator Donald D. Engen stated in testimony earlier this year, "FAA operations resources are currently at levels close to the margin this year. There is virtually no flexibility left for us to deal with additional reductions in the program levels without significant impact."

AOPA believes that funds for the FAA's operations need to be restored to provide for the flexibility and utility necessary for the air traffic system, particularly with the challenges of airline deregulation. We understand that Secretary of Transportation, the Honorable Elizabeth H. Dole, is considering a supplemental appropriation request to address the shortfall in operations funds. We support additional appropriations for the purpose of ensuring the safety and capacity of the system.

FY 1987 BUDGET PROPOSAL FOR THE FEDERAL AVIATION ADMINISTRATION—OPERATIONS AND MAINTENANCE

The President's FY 87 Budget provides $2.8 billion to operate and maintain the Nation's air traffic control and navigation systems, provide aviation safety and security inspections, establish and enforce civil air regulations and administer airport grants.

This budget provides for the addition of 500 air traffic controllers and 138 general aviation and air carrier inspectors funded from Trust Fund receipts. At the same time, the budget calls for a decrease in the number of flight service station specialists by some 750 positions nationwide. This represents a full 17% reduction in FSS staffing levels.

We believe air safety would be adversely impacted by further reduction in the flight service station staffing levels, particularly in view of the existing personnel shortages coupled with the technological difficulties and delays experienced in the flight service station modernization and automation programs. In addition, this budget would reduce the number of maintenance personnel and directly affect the amount and frequency of navaid maintenance.

AOPA opposes any decrease in the number of personnel in these vital aviation functions.

FACILITIES AND EQUIPMENT

The President's budget calls for $825 million for Facilities and Equipment procurements and installations to continue the multi-year National Airspace System (NAS) plan. This figure represents a 13 percent cut from 1986 appropriations levels. This slowdown in funding stretches out the implementation dates for the NAS and provides a unique opportunity to redirect some of the funds to better realize the priorities of the plan.

Federal Aviation Administration reported that these cuts would require nine NAS programs totalling $90 million to be taken off "full-funding" status. Some of these cuts may prove useful to give FAA the opportunity to review some of the programs' utility and progress.

Flight Service Stations: We strongly oppose any further consolidations of Flight Service Station facilities before the automated replacement equipment is developed, tested and installed in consolidated facilities. FAA has experienced many problems in development and implementation of an automated, modernized flight service station system which must be resolved before closing and consolidating these facilities.

General aviation relies on the vital weather information and flight services provided by the FSS network. Presently general aviation pilots have difficulty reaching the FSS to receive preflight briefings and file flight plans because of the lack of staffing and modernized equipment at the facilities.

The principal reason for these deficiencies is that FAA has starved the system of funds, staff and equipment pending automated equipment. Pilots are paying the price with the inability to reach the FSS for briefings, variable quality of services, inadequate weather briefings, poor enroute communications and impaired safety.

There is a growing shortage of FSS staff which has resulted in emergency part-timing of FSS facilities. Without the availability of necessary weather information the utility of many of the airports is hampered. Reducing funding for these services is not only false economy but derogates the safety of the aviation system.

We urge this committee to support adequate staff levels for the FSS system and prevent further facilities' closures until automated equipment is available and tested. The continued deterioration of aviation weather services will inevitably constitute a safety hazard which will be reflected in increased accidents.

Microwave Landing System (MLS): The General Accounting Office found that FAA could save about $31 million between now and year 2000 if FAA would replace some of the older Instrument Landing Systems with newer solid-state ILS, not the Microwave Landing System MLS).

Under the current budget situation, MLS acquisition and implementation will be stretched out significantly. This development alters the cost/benefit of the MLS system as well. It may be more cost effective to install the 178 MLS sets presently purchased and to expand today's 750 precision approaches with the purchase of 300 additional solid state ILS.

This expansion of the precision approach capability could be accomplished more rapidly and economically using new generation ILS ground stations, saving $475 million in cost avoidance from the more expensive MLS sets. It also would produce a savings for the aircraft owners in avoiding the necessary costs to retrofit with expensive MLS receivers.

Mode S: AOPA recommends that FAA continue to fund the ground equipment portion of this program, but delay the airborne segment implementation. This would result in system efficiencies with little impact on the user.

AAS: Delay implementation of the Advanced Automation System (AAS) and instead concentrate on further development of the Host Computer. AAS should be reviewed to ensure it is what the users really want for the twenty-first century.

Air Traffic Controllers: FAA should also seek to improve the training system for air traffic controllers to bring new controllers up to full performance status more efficiently and rapidly.

One such controller training program has demonstrated a remarkable degree of effectiveness in Seattle. This program uses live radar images to train controllers in real world conditions. It has demonstrated tremendous promise, and FAA should consider nationwide implementation of this innovative and low-cost program.

Loran-C: This program has administration support for equipment acquisition and siting. We are very concerned that the system will not reach its full capability since the FAA plans to cut back on the development of landing approaches, certification and the flight check activities. All of these will impair the LORAN-C system utility for navigation and its ability to provide communities with non-precision approaches.

RESEARCH, ENGINEERING AND DEVELOPMENT

The President's budget provides $134.5 million for the final development stage of the Advanced Automation System (AAS) to enhance capability to accommodate post-1990 air traffic demands. This figure represents a 26% cut from FY 1986 appropriations. This account also funds the next generation radar, NEXRAD, and the Terminal Doppler Weather Radar, as well as research into detection of weapons and explosives, and Mode S development. These funds must be protected and increased if system growth and safety are to be well-served.

AIRPORT IMPROVEMENT PROGRAM

The President's budget contains $712.5 million for airport planning, development and improvement grants. This program represents a 20% cut from FY 1986 appropriations.

The airports program is vital to aviation safety and expansion of airport capacity. At this level, according to FAA estimates, the Airport Improvement Program would barely meet those projects necessary for system safety standards and leave very little for improvements in airport capacity discretionary grants.

GRAMM-RUDMAN-HOLLINGS IMPACT FY 1987

The exact amount of the Gramm-Rudman-Hollings reductions for 1987 is not known presently. But the impact of the cuts in operations will severely affect the aviation community and travelling public. Approximately seventy-five percent of the FAA's operations appropriation goes for the payment of personnel costs.

A twenty percent Gramm-Rudman-Hollings cut over the FY 87 budget level would seriously impact the safety and efficiency of the national airways system. This possibility would directly impair the flexibility, utility and operations and maintenance of the air traffic system.

Further, these cuts would mean closures of necessary aviation facilities like VFR air traffic control towers, flight service stations closures, possible elimination of the FSS preflight weather briefing services, severely reducing FAA's research and development activities.

The anticipated reductions would also delay the completion of the FAA's planned modernization of the air traffic control system. The FAA originally planned to complete this modernization by the early 1990's. While some parts of this modernization may not be desirable, progress must be made if we are going to truly realize the value and cost savings of the total system.

The Gramm-Rudman-Hollings cuts would force FAA to provide fewer airport improvement grants and eliminate most new airport construction projects and airport improvement projects not essential to improve airport safety.

This is the single most important program in the FAA's budget in terms of capacity and growth. It must be brought back to authorized levels to avoid out-year capacity constraints.

CONCLUSIONS

Support adequate funding for FAA operations and personnel.

Support retaining O&M penalty provision in the Airport and Airway Improvement Act.

Support taking Aviation Trust Fund off-budget.

Oppose Aviation Trust Fund raid to pay for large amounts of FAA operations.

Support additional supplemental appropriations for FAA personnel and operations to include additional FSS specialists.

Support efforts to reevaluate some of the National Airspace System plan programs and redirect projects.

TESTIMONY OF THE NATIONAL ASSOCIATION OF STATE AVIATION OFFICIALS PRESENTED BY DAVID S. FULTON, DIRECTOR, OFFICE OF AERONAUTICS, TENNESSEE DEPARTMENT OF TRANSPORTATION, PRESIDENT, NATIONAL ASSOCIATION OF STATE AVIATION OFFICIALS

The National Association of State Aviation Officials represents the service agencies in the various states as well as the Aviation Departments of Puerto Rico and Guam. Its members are the Aeronautics Commissions and Departments created under the laws of states to foster, develop, and regulate aviation at the local and state levels.

The primary purpose of NASAO as an association is to foster and encourage cooperation and mutual aid among the States, as well as Federal and Local governments, in developing both State and National air transportation systems that will be responsive to regional, state and national needs.

Mr. Chairman and members of the subcommittee, I welcome the opportunity to appear before you today to provide comments on the effects of the President's budget and Gramm-Rudman-Hollings on aviation programs. I am David S. Fulton, President of the National Association of State Aviation Officials and the appointed Director of the Tennessee Department of Transportation's Office of Aeronautics.

NASAO's primary purpose as an organization is to foster and encourage cooperation between the states, as well as the federal and local governments in the development of an air transportation system that will be responsive to all needs. Our individual members are charged with the responsibility of fostering, developing, and regulating aviation at the local and state level. We appear before you today to outline an opportunity to save federal dollars within aviation programs that surely must and will be cut in an effort to cope with the overwhelming federal deficit.

NASAO is truly concerned about the ramifications of the Gramm-Rudman-Hollings legislation's impact on the DOT, specifically the FAA budget. While details of the impacts on staffing and programs are still sketchy at best, we know that any reductions, added to the recent annual decrease in appropriation requests will further chip away at the ability of FAA to cope with necessary commitments to future aviation system safety and capacity. It is for this and other well-documented reasons, that NASAO has long favored any effort to remove the user-financed Aviation Trust Fund from the unified budget.

In the past, NASAO and its member state service agencies have volunteered to cooperate in determining the solutions to these and other problems. However, the constant erosion of the present and future capabilities of the federal government to meet this challenge requires a new look at the well-defined problem. We believe the time is now for all states with the proven capability to help save federal dollars by administering certain provisions of the federal airport aid program which will relieve the federal government of that burden. For reasons detailed below, we have approached the FAA and DOT to quickly develop in conjunction with NASAO a capability to transfer this responsibility under the current law to the state service agencies that have the immediate capability to accept it.

The states recognize the need in these austere times for the federal government to shift its resources and capabilities toward the most immediate safety and capacity needs of the nation's aviation system. The controllers' strike and the advent of airline deregulation have put greater-than-anticipated demands on FAA management and resources. NASAO is aware of proposals to delay a number of programs in the National Airspace System Plan and cut short the Congressionally assured Essential Air Service subsidy program. While we disagree with many of these cutbacks and delays, we acknowledge that we simply "cannot get there from here" given the magnitude of the federal deficit.

Extremely important areas of future planning, airport and total system development and preservation, as well as research have suffered during this period of restructuring and reprioritization. The federal fiscal situation has only added another layer of incentives to the need to look for innovative ways to preserve and expand the air transportation infrastructure. NASAO foresees only more of the same negative impacts. There is a need for creative restructuring of the accommodating service provided by all levels of government.

We are cognizant of the pressure on the federal government to assure the continued safety of the current system even if this requires setting aside concerns about the future. FAA has briefed the state agencies on the possible cuts in contracts to collect airport safety data and federal assistance for airport master planning and system planning updates. The already dwindling airport program staff will no doubt continue to be a target for additional cuts, further reducing the FAA's capability to provide for the additional cuts, further reducing the FAA's capability to provide for the preservation of the Congressionally mandated National Plan of Integrated Airport Systems. Many "future-looking" programs, such as FAA's Project Safe—to restructure the current flight standards organization to better oversee the evolving demands within a deregulated air transportation industry, rightfully belong within the federal government aegis.

However, there are many other programs that might be better or equally served—with less federal expense—by contracting to the private sector or transferred to other levels of government. The state governments are particularly well suited, based on many years of experience, for taking on a greater role in airport improvement and preservation as well as aviation system planning. Every state has some level of involvement in aviation programs. Most have adequate resources and experience in state aviation system planning.

There have been questions in the past, that will no doubt be repeated as to how the states can save federal dollars, and why the states are qualified. Our response to those questions include the facts that:

Future reduced funding the AIP enhancement is evident. Ignoring this situation further is not an option.

States are ready to take on increased responsibility.

Funds should remain collected at Federal level and distributed to the states under current formula. About half of the States are capable of taking over the administration of general aviation, reliever and nonprimary commercial service airport grants immediately.

More cost effective for states to administer. March 15, 1985 Controller General report to the Congress (GAO/HRD-85-36) concludes: ". . . state activities provided an administrative framework for carrying out their new block grant responsibilities."

States are closer to airport problems and more knowledgeable of specific needs and time-proven solutions.

Eliminate duplication of multiple levels of government involvement.

In 1978, four States conducted demonstration programs for State administration of Federal Airport Development Aid Program. Evaluation audit by FAA stated that program was a success.

In 1985, the American Association of State Highway and Transportation Officials (AASHTO) adopted a national policy favoring state administration of the AIP. This support at the State DOT level assures multi-modal coordination and synergy of DOT facilities, skills and manpower.

States will be able to better implement five year capital improvement programs (required by law in many states) that are based on state aviation system plans and are coordinated with the Federal National Plan for Integrated Airport Systems.

Twenty-four states are already participating in the administration of Federal funds through state channeling acts. Additional states also participate in various forms of Federal fund administration. Even more states administer State funding programs. Ten state agencies are required by state law to act as agent for airport sponsors.

Efficiency of coordinating and combining Federal and State planning and construction projects. This has been proven for years in Federal/State highway programs.

Most states (40) have experience as contractors to the Federal government in the collection of airport safety data. This program includes airport inspection responsibilities, and is best suited for the states because of similar state responsibilities for airport and aviation system oversight.

States have many years of experience in airport facility (and specifically pavement) management and preservation expertise. For example in recent years, many states led the Federal government in the use of automated pavement evaluation and management techniques.

Based on the above, NASAO recommends that those states currently prepared to take-over the AIP grant administration for general aviation, reliever and non-primary commercial service airports be encouraged to do so in an effort to assist in the immediate reduction of the federal budget. We stand ready to explore other opportunities for state government aviation expertise to assist the federal government in fulfilling its obligations to the American public.

STATEMENT OF THE NATIONAL BUSINESS AIRCRAFT ASSOCIATION, INC., BY ROBERT A. COOKE, VICE PRESIDENT, OPERATIONS

Mr. Chairman and Members of the Subcommittee: Thank you for allowing the National Business Aircraft Association, Inc. (NBAA) to present this statement on the subject of the impact of the Balanced Budget and Emergency Deficit Control Act of 1985, commonly known as Gramm-Rudman-Hollings (GRH), and the President's Fiscal Year 1987 budget proposal on funding for programs at the Federal Aviation Administration (FAA) and aviation safety.

NBAA represents the business aviation interests of some 2,950 companies which, collectively, operate in excess of 5,600 aircraft to fulfill their daily business transportation needs. As our member companies use their aircraft as transportation tools, any impact on the ability of American business to safely and efficiently travel throughout the nation is of great concern to us.

At the outset, understand that NBAA and its membership supports the goal of a balanced Federal budget. Nothing would better allow the leading companies in American business, which comprise our membership, to grow and prosper, thus alleviating many of the other problems confronting our national economy. We are convinced, however, that GRH and proposed budget cuts will have a strong and immediate adverse impact on the interrelated goals of capacity and efficiency in the national system of air commerce and similarly affect the ability of American business to use it.

The impact of budget constraints on aviation will have two facets. The first facet and the source of our immediate concern is that of the everyday operation of the air traffic control system and the ancillary functions of the FAA which support it. The second but no less important facet is the status of and overwhelming need for substantial investment in our nation's aviation infrastructure: airports and heliports and navigation aids and surveillance systems.

OVERVIEW OF THE AIRPORT AND AIRWAY TRUST FUND

As the Subcommittee is aware, the FAA is currently operating under the provisions of the Airport and Airway Improvement Act of 1982 (the 1982 Act). This law and its amendments authorize some $12.685 billion to be spent from the Trust Fund through FY 1987 for airport improvement, research, development and engineering and the upgrading of air navigation facilities and equipment pursuant to the National Airspace System Plan, or NASP. Additionally, the FAA is authorized to draw $8.234 billion from the Trust Fund to pay a portion of its Operations and Maintenance expenses. This "contribution" represents what has been termed the users' share of the cost of operating the airport and airway system and the FAA.

To provide funding for the NASP, a measure accompanying the 1982 Act levied sharply increased Federal excise taxes on non-commercial aviation fuel, air freight and the transportation of persons by air, commonly known as the "ticket tax" but applicable to all commercial air transportation of persons. These user taxes provide the revenues flowing into the Trust Fund.

NBAA and its membership supported the 1982 Act and accompanying tax legislation because of their three-fold promise of expanded capacity, increased safety and enhanced efficiency in the airspace and at the airport. These goals were to be realized through the application of technological solutions to the problems resulting from operating aircraft of the 1980's and 1990's in a system designed in and using equipment dating from the 1950's.

Instead, the 1982 Act has not fulfilled its promise, indeed, has not been allowed by Congress and the Administration to fulfill its promise. As evidence we offer the record system delays encountered during the summer and fall of 1984, when demand for air transportation outstripped the system's ability to accommodate users. Further evidence can be found by examining the restrictions in existence at certain "high traffic density airports" at which operators are required to obtain reservations or "slots" to land or take off solely because the airports' operators have not adequately planned for the amount of traffic now using them or properly used the millions of dollars in airport grants they have received over the years to enhance capacity.

The result of the failure of Congress and the Administration to fulfill the commitments made in 1982 has been to delay the implementation date of numerous system enhancements while deferring expenditures to later years, in some cases possibly into the next century. Further, an uncommitted balance of some $3.5 billion has built up in the Trust Fund, an amount many feel is being "held hostage" to make a dismal Federal deficit appear slightly better. These reductions in funding, coupled with the cuts contained in the President's FY 1987 budget proposal, will combine to reduce authorized spending on FAA capital investment programs since 1982 by as much as $2.3 billion by October 1, 1987.

Ironically, continued failure to expend the revenue deposited into the Trust Fund for the purposes intended has resulted in the repeated "triggering" of a provision in the 1982 Act which automatically reduces the "contribution" to the Operations and Maintenance account by two dollars for each dollar not appropriated to the Facilities and Equipment account. The effect has been to artificially increase the percentage of the FAA's administrative expenses funded from general revenue, compounding the overall Federal deficit situation.

When considering GRH, however, the final irony is that, because of the nature of the budget process, wherein past spending computations have been based upon the previous year's baseline, the application of sequestrations under GRH will be based upon not only these baselines but also those determined after the previous year's Congressional budget cuts or GRH sequestrations. Effectively, FAA will be "punished" for not seeking to increase its budget at every opportunity and wasting funds while other, less conscientious agencies in the Federal government will be "rewarded." Clearly, this is an intolerable situation, made all the worse by enactment of GRH and its application to programs funded by the Trust Fund.

EFFECT ON THE FAA

I. Personnel

The primary damage to the FAA and to our nation's system of air transportation from the application of GRH and the proposed FY 1987 budget cuts will result from the throttling of planned increases in staffing levels at the agency. The plans of the Secretary of Transportation to add additional controllers notwithstanding, those positions most affected will to the air traffic controller workforce, barely recovered from the aftermath of the 1981 PATCO strike and still, we feel, understaffed.

Examples of the effect of continued low controller staffing levels include possible closure of low-activity control towers with a reduction in hours of operation or capacity at others. Flight Service Station personnel may also be reduced, possibly resulting in a failure of many operators to be able to receive timely or accurate pri- or in-flight weather information. The impact of reduced staffing levels will not be softened by installation of the automated equipment envisioned by FAA and which, of course, has been delayed through previous funding reductions.

Additional cuts may have to be made in the inspector workforce. The stated goals of the Secretary of Transportation are to increase the number of inspectors by 500 over the next three fiscal years in order to ensure proper adherence to FAA regulations. Increases in the inspector workforce are certainly a goal of this Subcommittee. With reductions of the scope planned, the FAA will be fortunate to retain the number of inspectors it currently has, much less increase it.

Another result will be a reduction in the number of employees available to perform maintenance on electronic navigational aids, air traffic control radars and computers and communications equipment. It is entirely possible that facility outages, either partial or total, will increase in frequency, further adversely affecting capacity and efficiency. All in all, the normal, everyday activities of the FAA will be severely constrained—some may be eliminated altogether.

These examples of staffing constraints at the FAA only scratch the surface, yet they represent the "front-line" of FAA's manpower available in fulfilling its legislative mandate to foster and promote both the safety and growth of aviation. Reduced staffing levels will prevent the timely, flexible flight operations air travelers have come to expect and for which they have paid taxes. The growth of aviation will continue to be stymied, all in the name of providing a slightly better balance sheet for the Federal government.

II. Programs

The ability of the FAA to expend previously appropriated funds for system improvement and capacity enhancements is also of concern to us. By sequestering funds dedicated to capital improvement programs and thus further postponing needed replacement and upgrading of outmoded equipment, benefit-to-cost ratios will sag, procurement costs will increase and eventual completion of the NASP will be further delayed, if the Plan can withstand this latest of many ouslaughts. The simple fact is that many needed system improvements are being postponed at current levels of funding and that further delay brought about by deeper budget cuts threatens both the viability of the NASP and the financial commitments users have made to see it put into operation. The air transportation system will simply be unable to support the future needs of all who depend upon it.

A. Short-Term Projects

Among planned short-term projects the completion of which will have direct contributions to improvements in safety and capacity are the Microwave Landing System (MLS), Automated Weather Observation System (AWOS), implementation of non-precision instrument approaches using LORAN-C and filling of the LORAN-C "Mid-Continent Gap." We note that some of these projects are specifically funded in the President's FY 1987 budget.

Completion of the MLS and LORAN-C projects would allow the increased use of affected airports during periods of inclement weather, thus enhancing the flow of traffic to them and reducing operators' demand for other, better-equipped facilities. Improvements in safety would come about through the availability of timely, accurate weather information provided by AWOS where, possibly, none is currently provided. Additional improvements in safety would result from increased numbers of instrument approaches at airports where, again, no such capability is available and which do not have the IRA traffic flow to support installation and maintenance of the costly electronic equipment which is required. Completion of these types of projects, of which many more examples exist, would result in immediate capacity and productivity gains and should not be subject to deferrals but should be expeditiously funded.

B. Long-Term Projects

Examples of long-term projects which will likely be further delayed under projected budget cuts include procurement of the Host Computer System, Automated Flight Service Station equipment and NEXRAD and Doppler weather radar systems designed to detect windshear and microburst phenomena, the latter two of which figure prominently in the President's budget. Many such projects comprise the "guts" of the NASP. Reductions in funding, over and above those already sustained through inadequate appropriations in earlier years, will surely further delay and perhaps result in the cancellation of these programs, forcing the FAA and aircraft operators of all types to contend with continued operation of an outdated air traffic control system even longer than is now projected.

C. Airport Development

Of course, airport development and improvement should not be omitted from this equation. Congestion and delay in the air transportation system begins and ends at an airport. Many airports throughout the country are operating at or near peak capacity with many more expected to achieve that dubious distinction within ten years. Lacking needed and previously-planned investment, airport saturation will soon be the norm, rather than the exception. The unprecedented delays and congestion of late 1984 will be repeated if runways and taxiways are not improved, new and longer, as well as shorter, "stub," runways are not built and the construction of new, more modern airports not begun.

The most recent FAA National Plan of Integrated Airport systems demonstrates some $18.3 billion in capital investment needs through 1993 at airports throughout the nations. Municipalities and airport authorities simply lack the necessary financial resources and, without the support provided through airport planning and capital development grants from the Airport and Airway Trust Fund, these improvements will not occur.

RECOMMENDATIONS

The root cause of the problems and delays confronting the national system of air transportation is the application of budget constraints to a dedicated funding mechanism which is not now nor has ever been in a state of imbalance. The persistence of the Administration and Congress in asking users to pay for system improvements and then not spending the funds for the purposes intended has resulted in a bewildering patchwork of broken promises, unfunded needs and artificially-imposed operational constraints. This chain of events must be broken and broken immediately.

Toward this end, we fully support and urge expeditious enactment of legislation to remove the Trust Fund and its programs from the unified budget. We pledge our active support to both H.R. 4191 and S. 1979. Should these bills fail to free the FAA and its programs from the short-sighted constraints imposed by GHR, legislation specifically exempting FAA from the process should be enacted.

Additionally, the future of the NASP and the concept of expanded capacity and efficiency in the airspace is of the utmost concern to us. Consequently, this Subcommittee, its Senate counterpart and Congress as a whole should begin the process of developing legislation to re-authorize the expiring 1982 Act, perhaps well before the September 30, 1987, deadline. Some of our specific proposals for such a measure are found in our March 3, 1986, statement to this Subcommittee.

Finally, we urge this Subcommittee and Congress as a whole to reject the Administration's FY 1987 budget proposal regarding the FAA. It is a short-sighted proposal and one which places more emphasis on forcing the use of revenues dedicated to system improvement to make up for shortfalls in other agencies than it does on fulfillment of the twin objectives of enhancing capacity and efficiency. Is is simply the wrong budget for the times and can only achieve its objectives through amendment of existing statutes allowing the Administration to pull from the Trust Fund for the FAA's FY 1987 administrative expenses much more money than authorized. We urge this Subcommittee to reject any such proposed legislation and develop measures to remove the Trust Fund mechanism from the unified Federal budget.

CONCLUSION

In sum, the application of further budget cuts and sequestrations as a result of GRH could not have come at a worse time for aviation. In FY 1986 alone, millions of dollars previously planned for and appropriated by Congress will not be spent to alleviate existing system requirements. Through the life of GRH, untold billions of dollars will be kept from fulfilling the goals and promises for which they were collected from users.

The Congress and the Administration must take immediate steps to forestall the drastic, supposedly unintended, effect of these cuts on aviation programs. Without such steps, the approximately 550 million air travelers each year will find that the resulting system simply cannot support the demand. Anyone who depends on air commerce, such as the banking industry, to move cancelled checks from bank to bank, businesses using small package express services, the Postal Service, the tourism industry and even the military, which uses civilian aviation facilities when operating domestically, will be adversely affected. We can only speculate on the damage to the overall economy and, consequently, to the very effort to balance the Federal budget from which these problems derive.

The future of the FAA, its capital development programs and aviation in general is not a bright one as a result of GRH and the President's proposed FY 1987 budget. We are hopeful that thoughtful, reasoned actions will prevail and that all in aviation can get on about building, expanding and benefiting from the safest, most efficient system of air transportation ever devised.

Again, we thank the Subcommittee for allowing us to present this statement and stand ready to answer any questions you may have.

Mr. MINETA. I would now like to call on Mr. Mark Schneider, who is the vice president of the Professional Airway Systems Specialists; Mr. Ed. Hunt, air traffic controller, on behalf of the American Federation of Government Employees; Mr. Bruce B. Henry, president of the National Association of Air Traffic Specialists; and Mr. Robert V. Schneider, Executive Vice President, Universal Flight Systems Corp. I see that we have Mark Schneider and Robert Schneider.

All right, Mr. Hunt, why don't we just go ahead and start with you? Your statement will be made a part of the record, and in fact all the statements will be made a part of the record, so please go ahead and proceed in your fashion, sir. That would be fine.

TESTIMONY OF ED HUNT, AIR TRAFFIC CONTROLLER, KEY WEST, FL, ON BEHALF OF AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES (AFL-CIO); BRUCE B. HENRY, PRESIDENT, NATIONAL ASSOCIATION OF AIR TRAFFIC SPECIALISTS, ACCOMPANIED BY EDWARD L. HUIE, DIRECTOR OF LEGISLATIVE AFFAIRS, NATIONAL ASSOCIATION OF AIR TRAFFIC SPECIALISTS; MARK E. SCHNEIDER, EXECUTIVE VICE PRESIDENT, PROFESSIONAL AIRWAYS SYSTEMS SPECIALISTS; AND ROBERT V. SCHNEIDER, EXECUTIVE VICE PRESIDENT, UNIVERSAL FLIGHT SYSTEMS CORP.

Mr. HUNT. Thank you.

My name is Ed Hunt. I am an air traffic controller in Key West, FL. I am working with the American Federation of Government Employees, attempting to bring union representation back to the controllers.

One key reason for my efforts with AFGE is so that we can bring to Congress the real story of the condition of the air traffic control system in this country. I want to thank this committee and the chairman for giving me the opportunity to testify here today.

Although we are here to talk about the President's fiscal year 1987 request for the Federal Aviation Administration, we are somewhat handicapped because, as of last week, the agency's budget justifications were not available to this committee or AFGE. So all we have to go on are the rather sketchy details provided in the President's fiscal year 1987 budget request.

From these sketchy details, we are sorely disappointed. The bottom line is outlined on page 19 of the President's major policy initiatives. The President is proposing to reduce the current services budget for FAA over the next 5 years.

In terms of budget authority, the cuts are: fiscal year 1987, $43 million; fiscal year 1988, $339 million; fiscal year 1989, $437 million; fiscal year 1990, $529 million; and fiscal year 1991, $603 million.

So far as we can determine, these are cuts from a current services base line which incorporates the $171 million cut from the first round of Gramm-Rudman-Hollings. Within the FAA budget, we note the funding for the operation of the air traffic control system is scheduled for a $7 million cut.

On the personnel front, the administration is seeking a reduction in fiscal year 1987 of 1,297 full-time equivalents from the FAA. We are not able to break out the impact on air traffic controllers, but we are very apprehensive.

The claim in the budget document, Policy Initiatives, of adding 500 air traffic controllers at busy locations is not very reassuring given the magnitude of the problem and also because it is not clear if this is a net addition or just shuffling existing controllers. We hope the committee will clarify these contradictory statements.

The General Accounting Office released on March 6 a comprehensive report on the status of the air traffic control system. The report was based on a survey of those who know the system: 4,500 controllers, 1,000 managers, and 74 traffic and terminal managers.

Let me review with you some of the key findings: There are 3,700 fewer controllers now than before the strike. There are almost

5,000 fewer controllers at the highest experience level. Retirement will drastically impact the future controller work force.

In this context, let me add that the House-passed reform bill which proposes to immediately tax employee annuities without allowing a window for retrieving the employee's already taxed retirement contributions will worsen this situation. Eighty-four percent of eligible controllers indicate that they will retire within the next 2 years.

Sixty percent of controllers say they are working too long daily without a break. Overtime has more than doubled since fiscal year 1980. Seventy percent of the controllers maintain they are handling more traffic than they should.

This GAO report is in total agreement with other major reports in recent years. The Federal Aviation Administration has consistently underestimated air traffic growth over the recent past. Their plans all too often have nothing to do with the reality of the work life experienced by air traffic controllers.

My knowledge and expertise is the safe, orderly, and expeditious movement of aircraft in the Nation's airways system. After nearly 30 years as a controller, I hope that I can assume that you will believe me when I state that the current and proposed funding of the FAA sends a strong negative message to a beleaguered work force.

The post-1981 controllers are also becoming increasingly demoralized as they become more knowledgeable of FAA management and their continued inability to even define the meaning of human relations. Now they are faced with the additional distractions and possible burdens caused by inadequate funding which will further reduce their morale.

The air traffic controller is first a professional, providing a lifesaving service, and a Government employee second. Both of these ideals have been eroded by an increasing lack of support by this administration reacting to public demands that Government services continue whatever the reality of the workplace.

The air traffic controllers, together with other Government employees, are not a happy and contented work force. However, as public employees, they remain dedicated to the ideals that attracted them to their profession.

If this committee were sitting as a board of directors of a large corporation, you would be discussing decreased corporate profits caused by a demoralized work force. As a dedicated public employee, I ask that you address your responsibility without further reducing the dedication of a work force which has earned your admiration and support.

We do not believe that the FAA can absorb any amount of budget cuts without adversely affecting the safety of the flying public. Indeed, a major increase in funding is required as well as structural reforms to reduce our workload and reestablish safety.

The Nation expected, even demanded, the swift recovery of a safe and efficient national airway system after the strike. Only the controllers knew, in August 1981, that this recovery would take a minimum of 8 to 10 years. This is because only the controllers know the requirements of the profession and the system.

We say that the system has not recovered. We say that insufficient funds will further delay the recovery process. The FAA will not absorb budget restraints by reducing unproductive staff. In fact, it would be very valuable to the business of this committee if it obtained the numbers of FAA management and staff personnel who are rated as full-performance-level controllers and who joined nonstriking controllers on August 3, 1981, in maintaining an operational system. The controllers now see these people back at their desks shuffling paper as if we had enough qualified controllers to operate the system safely and efficiently.

An article in the Miami Herald last week was titled "Can-Do Spirit Lost to Complacency." No other statement could better describe the feeling of controllers that has resulted from repeated attempts to identify and work with FAA management during the strike recovery period. It has been demoralizing to continue to be managed by people who cannot or will not attempt to identify with the problems of their employees.

We now are faced with the additional burdens caused by Gramm-Rudman-Hollings and budget cuts which will further reduce the morale of the work force that is already strained. The GAO report can best be summarized by saying that the controllers are strained to the breaking point.

This fact is resulting in an increasing number of reports of stress that can be illustrated by a recent conversation I had with a controller hired in 1982. He stated his deep concern that he did not know how much longer he could continue to work an average of 45 hours a week with very little if any break time. He stated that all of last week he had one 8-minute break and one 15-minute break.

His facility was authorized 12 controllers. Now there are three full-performance-level controllers working 800 to 1,000 aircraft a day while attempting to train additional personnel. This man is dedicated to his profession, but he is beginning to reevaluate his survivability and future in the profession before he is too old to change careers. We are very fortunate to have this man. I rate him in the top 5 percent of all controllers with whom I am familiar. He, and people like him, are the future of the FAA.

Mr. Chairman, it took a tragic mid-air collision over Grand Canyon to create the FAA. Since that time, the FAA has reacted to problems and never acted to anticipate problems. Doppler radar in the Dallas tragedy is a recent example.

I hope this committee will send a clear message to the controllers by not going along with the administration's "Everything is fine" rhetoric, and by ensuring that we have the resources we need to do our job, and we hope this committee will force the FAA to deal with and improve our worklife.

I thank you very much.

Mr. **Mineta**. Mr. Henry from the National Association of Air Traffic Specialists.

Mr. **Henry**. Thank you, Mr. Chairman.

I appreciate the opportunity you have provided me to appear before this committee and express my opinions and ideas of the President's budget and the effect of Gramm-Rudman-Hollings on aviation programs.

I am accompanied by Mr. Ed Huie, our director of legislative affairs, who is sitting behind me at the moment.

The flight service system is an integral part of the air traffic control system. There are approximately 300 flight service stations through the United States. The personnel who staff the air traffic control system are divided into three options and are designated by the Office of Personnel Management as series 2152.

This association is designated by the Secretary of Labor as the exclusive representative of all the bargaining unit members who are air traffic control specialists [station], series 2152.

Before we can assess the impact of the President's budget and Gramm-Rudman-Hollings on the flight service system, we must examine the current status of the flight service modernation program.

Basic guidance was provided to the FAA on January 30, 1985, in a letter from the Senate Committee on Appropriations, Subcommittee on Transportation, and signed by Chairman Andrews and Senator Chiles. A copy of this letter is included as attachment 1 in my statement.

One paragraph of that letter is quoted here for further comment:

> Model 1 equipment testing and installation should be expedited. The committee expects FAA to meet its current schedule to install three systems in May and to complete installation by November 1986. Every effort must be made to commission model 1 equipment in tandem with the commissioning of an automated facility. The committee will not view favorably additional consolidations beyond fiscal year 1985 unless model 1 equipment is fully certified.

We believe that the Andrews-Chiles guidance went unheeded by the FAA for, on April 30, 1985, the Administrator stated before the Senate Appropriations Committee the following relative to flight service:

> The consolidation of existing facilities provides equal or better level of service to users with less cost to the taxpayer. Savings, as well as significant cost avoidance, can be achieved through consolidation independent of any automation. Existing facilities are equipped with Leased Service A equipment, and initially the consolidated facilities will use that same equipment until the installation of model 1 automation.

The Senate Appropriations Committee, in its perseverance, addressed this matter in its report 99-152, on the 1986 transportation appropriations bill. Under flight service stations, I quote:

> The committee is informed that new, automated equipment for consolidated flight service stations was tested at the FAA's technical center and installed at three locations earlier this year. This equipment, known as model 1, awaits official certification after training and final testing. The committee notified the FAA on January 30, 1985, that additional flight service station consolidations would not be approved until model 1 equipment was fully certified.

The Conferees on this bill stated:

> In addition, Senate Report 99-152 required certification of model 1 equipment and a revised facility consolidation plan to be submitted by December 1, 1985. Until the committees have received and reviewed these reports, the conferees continue to disapprove fiscal year 1986 consolidations.

So that is where the modernization program stands at this time, with the exception of the required December 1, 1985, report from the FAA. That report was eventually submitted on January 27, 1986. It is important in that it spells out a myriad of details about flight service which should be part of the public record. Accordingly, I am including the report as attachment 2.

The report fails to certify model 1 and ignores the guidance set forth in the Senate letter of January 30, 1985, previously referred to. Specifically, "every effort must be made to commission model 1 equipment in tandem with the commissioning of an automated facility."

We regret that the FAA declined to comment on this item, for it causes us to believe that the FAA's intent now is to proceed with consolidation, in many cases using the same old equipment with the basic policy of "save money first; aviation safety second."

We are not privy to all the aspects of the President's budget request for 1987 at this time and will not know the details relative to flight service until the budget justifications are made available. We do know that, for fiscal year 1986, when the President requested 120 fewer positions than for 1985 in the flight service option, he cited the increased capacity of the private sector as a justification for the decrease and further stated that there was an ongoing study to examine an expanded role for the private sector. Undoubtedly, this same rationale will be used for fiscal year 1987.

The study referred to above has been published, but with limited distribution. It is entitled "Flight Service Station Privatization Study," dated June 1985. It was prepared under contract for the FAA by Comsis Corp., Gellman Research Associates, J. Tilghman Montgomery Associates, and EXP Associates.

Under the executive summary, the safety impacts are quoted: "The safety impacts of flight service privatization are significant; there would be an increase in the number of fatal weather accidents [a weather accident is one where weather was cited as a cause or factor] resulting from reductions in the use of flight services if user fees were imposed and the discontinuance of in-flight services, including assistance to aircraft in distress, search and rescue activities, and en-route flight advisory services."

"There would be no significant safety impacts under configurations 2 and 3." Configurations 1, 2, and 3 in that study range from, configuration 1 is no change; 2 and 3 are minor changes to privatization. "Under configuration 4, there would be an increase in the number of fatal weather accidents due to the decreased use of flight services, resulting in an estimated 34 to 48 additional fatalities per year, with an annual economic loss of $23 million to $32 million."

This study singled out each individual possible fatal accident and attached a dollar value to it. "Under full privatization" which would be configuration 5, "it was estimated that there would be an additional 203 to 212 fatalities per year, due to the decreased use of weather briefings and the elimination of search and rescue, assistance to aircraft in distress, and en-route flight advisory service, with an annual economic loss of $141 to $147 million."

"Also, there are significant legal questions about the FAA's ability to effect a complete withdrawal from the provisions of some or all flight service activities. Specifically, it is not clear that the FAA's enabling legislation allows the agency to divest itself of such responsibilities."

"Moreover, there are significant questions about the ability of private suppliers of flight services to obtain insurance coverage for certain aspects of their potential liability. For example, there appears to be little likelihood that such protection can be obtained at an acceptable price for services provided through air-to-ground communications."

"All things considered, some privatization is already under way with respect to weather briefings and flight plannings. FAA should place no undue barriers before those who would provide flight services on a user fee basis."

"Full privatization is not feasible. Full privatization is not even desirable because the private sector is not likely to supply in-flight services on a for-profit basis at levels approaching the output of those services by the FAA."

"Because privatization requires direct user payments for services, if private supply is the only source of such services, the safety of the aviation system will be materially degraded. This grows out of the fact that users' willingness and ability to pay is limited in both good and marginal weather," according to the study.

"Were full privatization a practical possibility, the system would be less safe than it is at present. Any reduction or elimination of the availability of flight service will adversely affect aviation safety."

We understand that the President has requested 3,855 positions for the flight service system in 1987. This is a decrease of 748 positions from the fiscal year 1986 level of 4,603 positions and represents a drastic cut of approximately 17 percent. If this should become law before the last "snapshot" under Gramm-Rudman-Hollings, it would result in an even greater reduction.

Since 40 to 50 percent of all aviation accidents are weather related, it appears to us that there should be more regard for aviation safety. On February 3, when Admiral Engen was asked by the Senate Subcommittee on Aviation about the impact of a 15- to 20-percent reduction in FAA's budget after 1986, he responded, and I quote:

"I can visualize no reasonable way in which the FAA could absorb that kind of reduction overall without serious deterioration of the current levels of safety services we provide."

And, further: "In short, Madam Chairman, FAA operations resources are currently at levels close to the margin this year. There is virtually no flexibility left for us to deal with additional reductions in program levels without significant impact."

We agree with the Administrator's statement of the situation. We also believe that his statement firmly sets the minimum bareboned personnel requirement for the flight service system at the fiscal year 1986 level of 4,603 positions.

With the consolidation program on the verge of full implementation, with the installation of model 1 equipment, with the relocation of hundreds of employees and their families and a vast retraining program, we fail to see how the FAA can possibly comply with the provisions of 49 USC 2224, which requires "as good or better than the service provided when the station was open." Mr. Chairman, we remember well your leadership role in the enactment of this statute.

We know that the FAA is undertaking many actions to meet their required 4.3-percent reduction for fiscal year 1986. While these actions are achieving significant results, we feel that they eventually will have to turn to the reduction of personnel costs, which amounts to 75 percent of the FAA's operational appropriation.

FAA's daily payroll outlay is about $6.7 million. Our solution and recommendation—that is, if necessary—is to furlough all FAA employees in a staggered manner for enough days to make up the shortfall. This would be fairer to all employees and would distribute the burden on an equitable basis.

It is patently unfair to single out certain groups to bear this burden, as was the plan, with all the attendant morale problems, under a previous Administrator when furloughs were considered.

Who can say which safety action is the most important? We believe it is that the safety action which prevented an accident, which only be determined after the fact.

There are other items in the President's budget which will impact on all Federal employees and, if enacted, will contribute to lower morale in the work force. Other people testifying before this subcommittee today have already outlined several of those in terms of the reduced reductions in COLA's and so on and so forth, so I will just leave them in my statement.

The facility and equipment account for the flight service system in fiscal year 1986 was zero. The FAA claimed that it had sufficient funds on hand for the year. We hope that is true, and also we hope that there are no secret FAA plans to scuttle model 2 for the flight service modernization program.

Finally, you asked, "Is there a need for legislation?" In his February 3 statement, the FAA Administrator stated: "Aviation is an integral part of the fabric of our society." If we agree with that statement, and if this society also agrees, then legislation is mandatory if that fabric is to be cared for and nourished in the future and protected from those who may seek to destroy it.

Thank you, Mr. Chairman.

Mr. MINETA. Thank you very much, Mr. Henry.

Let me now call on Mr. Mark Schneider.

Mr. MARK SCHNEIDER. Mr. Chairman, we thank you for your invitation to testify before you today.

PASS is encouraged by statements in the administration's 1987 budget proposals indicating that aviation safety is one of six priority items in the budget. We take those proposals at face value and heartily concur that aviation safety must remain a high priority item for this Nation.

We agree with the administration's recommendation to hire more aviation safety inspectors and air traffic controllers. The addition of these valued employees is sorely needed to increase current safety margins.

We feel that these are positive steps, but much more is needed. The aviation system is, in reality, a triad. Picture an equilateral triangle. On one side, you have the pilots, crews, and passengers as users of the system. On another side, you have the air traffic controllers whose job is to efficiently and safely move these users through the system. The final side is comprised of the systems specialists who provide and service the systems used by the controllers and pilots throughout the entire national airspace system.

The President's budget message addresses only two sides of the triangle. We need more safety inspectors to ensure that airlines, under the pressures of profit margins, do not take unnecessary shortcuts in their maintenance procedures. We cannot continue to tolerate engines falling off of aircraft, substandard parts being used, maintenance shortcuts that resulted in the American Airlines crash in Chicago some years back, or operational shortcuts that resulted in the Air Florida tragedy a short distance from this very building.

We need more controllers. Numerous groups have acknowledged the need, and a GAO study just released shows this as well. There will be more aircraft utilization of the system in the future, and the experience level of the existing work force is not adequate.

In addition, the GAO report indicates that the controllers with the highest experience level will probably be retiring in the near future, many within the next 2 to 3 years. It makes little sense to our organization to hire only additional safety inspectors and controllers.

We view the proposal as the administration's willingness to ensure two things. The first is that the maintenance operations continue at the highest possible level in the airline fleets, thereby ensuring that more aircraft are available to use the system. Second, the administration's proposal also provides for more controllers so that proper separation of the additional aircraft can be maintained.

But if the systems that these pilots, crew members, and controllers depend on are not properly maintained, do not have working backups, or suffer longer periods of outage, we have fallen short of accomplishing the administration's goal of making aviation safety a priority.

Without also strengthening the third side of the triangle, we will be placing the flying public in an intensified state of jeopardy. This we do not believe is the wish of the subcommittee or this Congress, nor the intent of the administration.

Are there problems in the airways facilities work force of the FAA? Is there a need for this administration and Congress to address these problems? The answer to both questions is a resounding yes.

Along with our formal statement, we have previously supplied to the staff members of this committee the FAA's demography of this work force in airways facilities. The demography was current as of May 1985, almost year ago. It indicates, with adjustments to the present, that ours is the oldest work force in the Federal sector, with an average age of 48 and 20-plus years of service with the Government.

In 1987, we will lose 20 percent of this work force. By 1989, 3 years from now, we will lose over 30 percent of this work force. By 1994, within 8 years, we will have lost almost 53 percent. Since the work force we are dealing with is not large to begin with, we cannot sustain these projected losses.

According to the FAA's own figures, we have less than 6,500 systems specialists maintaining the most complicated national airspace system in the world. The system is comprised of over 22,000 facilities and electronics systems. In 1979, there were over 11,000 systems specialists who maintained approximately 18,000 facilities and electronics systems.

Our profession has met the productivity gains dictated to us. When our numbers initially began to decline, this subcommittee heard terms from the agency such as "remote maintenance monitoring." This form of electronic surveillance was the means by which the FAA hoped it would become less manpower intensive. Today, in 1986, remote maintenance monitoring is still not totally operational, but the personnel cuts have taken place.

We currently maintain this national airspace system by the seat of our pants. Backup systems remain out of service because parts are unavailable. Specialists are told not to order parts on a priority basis because the FAA's depot cannot support the requests. Shifts normally manned by qualified specialists now go unmanned.

In many facilities, if a specialist is pulled away because of required training, sick leave, or emergency annual leave, overtime to cover these shifts is not authorized due to budgetary constraints. Supervisors have been told to attempt to predict if outages will occur within any given 8-hour period. If they predict the outage might be of great severity, then and only then would a specialist be given overtime. We cannot fathom how any FAA supervisor can accurately predict what outages will take place at what facilities or at any given time.

To compensate for these staffing shortages, the FAA has reduced the number of preventive maintenance tasks which previously enabled us to detect deteriorating systems before they failed. Now, instead of preventing outages, we can only respond to restoring systems once they have failed.

Last October, this subcommittee held hearings on the low-level wind shear systems. We pointed out inadequate training at that time but indicated we were happy to report that, in January 1986, new training courses were to commence on these systems. Today we sit before you and report that our members in the field have informed us that these training courses have been cancelled. We do not know when they are going to be rescheduled. In the interim, we still do not have adequate training on the low-level wind shear systems.

Our organization is seriously concerned for the continued safety of the flying public. With the personnel losses the FAA is projecting in airways facilities, there is currently an agency-wide hiring freeze that includes the technical work force ordered by the admininstrator. We are already behind the power curve in attrition, causing a massive exodus of expertise, and this freeze escalates the problem.

If new systems specialists are not hired, and hired soon, we will not be able to maintain the systems depended upon for the preservation of life and property in the national airspace system.

In 1979, this subcommittee held hearings regarding computer problems at Leesburg because of the near miss of two airliners. Because of those hearings and your diligent work, the FAA started the NAS plan of the eighties, and the largest refurbishment program in the Government's history. An allocation of $10 billion was expected to be spent to update systems and hardware. Much of this money has already been spent.

Again, staffing reductions were predicted because these systems would be less manpower intensive. As with the remote maintenance monitoring, the staffing reductions have taken place, but the new systems are not in place and are behind schedule and delivery.

In some facilities, the new systems have been delivered but have not been installed due to lack of funds and manpower. There are instances where systems specialists who should be performing preventive and corrective maintenance on existing systems used to guide and separate aircraft are instead being ordered to install new systems that are not functional.

Where is the FAA's priority? I am sure that, if requested by the FAA, this Congress would find more money to hire the people necessary to install these new systems, thereby allowing the current work force to maintain the existing systems. Instead, the FAA remains silent. Needed new systems collect dust until we can get to them, and work needed on existing systems is not performed.

As we indicated earlier, we are already behind the power curve of staffing shortages. Once hired as a systems specialist, a training period of 2 to 5 years is required before that individual is capable of working independently on all of the systems that he or she is responsible for.

In the next 2 years, we will lose over 20 percent of the work force which would normally conduct most of this training and share its years of expertise with the new employees. In the next 5 years, we will have lost over 30 percent of this valuable resource. We cannot lose this portion of the work force and still adequately train the replacements.

This Congress should consider a bonus or incentive program for those retiring specialists to encourage them to stay with the agency until we can get through this very trying period. A program similar to the program for the controllers after the air traffic controllers strike of 1981 may be needed in 1986 for the technical work force. This action will be needed, as we are currently stretched too thin to both train and maintain.

Several years ago, former FAA Administrator Langhorne Bond expressed to the Congress his philosophy for maintenance of the airways systems: "If it ain't broke, don't fix it."

Today we are asking this Congress to look at the state of repair of the FAA's technical portion of the aviation system. It is severely cracked and rapidly breaking apart. Only you and your distinguished colleagues are empowered to do what is necessary to repair the damage and restore the system to a safe operational level. Absent your immediate attention, we may not be able to salvage the outstanding safety record this Nation has maintained for years.

Mr. Chairman, we thank you for allowing us to present our concerns today.

Mr. MINETA. Thank you very much, Mr. Schneider.

Mr. Robert V. Schneider, the executive vice president of Universal Flight Systems. Mr. Schneider, please go ahead.

Mr. ROBERT SCHNEIDER. Thank you, Mr. Chairman.

My name is Robert Schneider, and I am the executive vice president of Universal Flight Systems Corp. of Falls Church, VA.

I would like to start today by thanking you for the opportunity to voice our concern on the critical issues of air safety and the possible effects of the Gramm-Rudman-Hollings budget reduction law on it.

We have presented written testimony for the record, and in the interest of brevity, I will summarize my remarks.

We have submitted a program that is currently under review at the FAA, and we fear that it may become a victim of the Gramm-Rudman-Hollings law.

We just came through a year in commercial aviation that had an unacceptable accident rate. As a response to these events, our company began development of a device which would warn pilots of potential situations which may lead to the unsuccessful outcome of the flight.

The device is a sophisticated set of electronic sensors strung throughout the aircraft monitoring the engine, airframe, hydraulic, electrical, and environmental systems through use of a computer.

When a fault occurs, the pilot and the ground crew are instantaneously notified of the situation. This will aid pilots in crisis situations so they can concentrate on flying the airplane instead of trying to troubleshoot all the systems to find out what is wrong.

The device will then give the pilot information on just what the extent of the damage is and how long he has before decay in the system will make continued flight impossible.

Technology such as this has been around for quite some time. Local area networks are commonplace in the space program. In fact, one of our engineers developed the sensor technology for the Saturn V rocket program for Boeing.

Local area networks are just not relegated to the space program. Their use is found in automobiles, offices, hospitals, and some military aircraft, just to name a few of the applications. The impact this technology could conceivably have on air safety is staggering.

Our company is a small firm, and we don't have the financial resources to pursue this technology on our own. So we formulated a proposal and took it to the airlines to develop. They enthusiastically supported the concept and said something like this was needed. When we asked them for support to financially build the product, two things kept recurring:

Every airline we took it to either said they wanted the device exclusively in exchange for development money, or they did not have the money to invest in a new device of this type. Republic Airlines is the exception. They are giving us limited support on the development of the engine monitoring and warning system. This support is in the form of technical information on the JT8-D, which has been implicated in two fatal incidents this year.

With the engine device we have proposed, the crash of the Midwest Express could have been averted completely. The fire on the 737 in England could have most probably been predicted. We say "probably" because information on that particular mishap is not readily available.

We then went to the airframe manufacturers. If you bring a device to manufacturers that may extend the life of the fleet that is already out there, then you are not too popular with this group. So we then went over to the avionics manufacturers. This group is interested in fabrication once the engineering is complete. None of them were interested in any type of joint venture arrangement.

So this brought us finally to the FAA. Part of the FAA's mission is to develop nationally standardized systems where compatibility and interoperability is an issue. Their work on an airborne collision avoidance system is an example of the FAA funding research of our type.

When we contacted the FAA December 23, of last year, we set up a meeting with them, and the FAA at that time expressed a lot of financial concerns in anticipation of Gramm-Rudman. If this program is not funded, due to what the FAA characterized as "trying times," then air safety may be affected by the program being dropped.

The program we offered the FAA is an unsolicited proposal calling for just over $12 million to be spent over 4 years. The engine warning system is to be task 1 of our proposal, at a cost of $1.2 million. Milestones along the way are to trigger additional funding up to the $12 million figure.

We chose the engine warning monitoring system as the first system for development because this engine has been implicated directly in two fatal mishaps, and there are over 8,000 JT8-D's in service in the United States alone, which lends a certain urgency to the program.

Our system directly addresses the causes of crashes. What we offer the FAA is to develop a system that will save lives. If this program is not funded, and instead is left up to the marketplace for solution someday, avoidable accidents may occur.

Other than a loss of life, there are other consequences to this technology not being funded. One is purely economic. Individuals in Canada recognized the timeliness of our system and have approached the Canadian Government about funding our proposals. The Canadians want only not to fund the research but to put up an assembly line to build the device. A Canadian company would then have all the marketing rights, both foreign and domestic.

Since the airlines we took the concept to have enthusiastically welcomed a device like ours, we don't think there will be much of a problem in selling the device here in the United States.

We did not ask the FAA for any manufacturing facilities, just for the research money. Our plans are for us to do the engineering and other U.S. firms to do the manufacturing. If we take the project to Canada, then the 25 jobs that our company directly has to give for the engineering will leave the country. The manufacturing jobs for the approximately 4,000 units we will make will also leave the country, and all the support jobs in marketing and distribution will also go to Canada.

The last effect I will discuss today is the effect on the FAA. Since deregulation, the growth in the airline industry has been at some 150 percent. The growth in inspectors has not nearly matched that figure.

The increase in accidents, both fatal and nonfatal, are in many cases, such as the Air Midwest crash and the engine falling off an American Airlines 727, failures of the FAA to catch unsafe maintenance procedures in this post-deregulation era. The FAA says it needs more money for more inspectors. This may be true, but what the FAA also needs is a device that will allow the inspector to work more efficiently and more productively.

Our device is nothing short of placing an inspector on every airplane in the United States. Our inspector looks in places no human inspector can, like the interior of a jet engine while it is running. The amount of new data we can collect can show an inspector things that may be wrong with the system far in advance of an accident.

No one is more in favor of reducing the Federal deficit than myself or my company, but at what cost? As the airline fleet ages and more carriers go into operation as a result of deregulation, new problems and challenges confront not only the airline industry but the FAA as well.

My company feels that the price in loss of life, property, and the incalculable loss which is the loss of human potential we have suffered in the last year is too high a price. The events of last year in commercial aviation must never be allowed to be repeated.

The FAA has a responsibility to assure the public that the skies are as safe as they possibly can be. Technology can hold many new promises for this safety if not left up to the whims of the marketplace.

Last week, the Senate Permanent Subcommittee on Investigations heard from our company on the topic of air safety. Senator Chiles commented that leaving safety up to the whims of the marketplace is about as crass a thing as he can imagine. We agree.

Technological advancement in air safety, I think, is part of the mission of the FAA, and if they do not agree, then perhaps Congress ought to rethink their charter.

Thank you.

Mr. **Mineta**. Thank you very much, Mr. Schneider.

Mr. Mark Schneider, your testimony indicates that as you understand the President's budget proposal for fiscal year 1987, maintenance of the Nation's air traffic control facilities and equipment would not be treated the same way as controllers are; that is, under the President's budget, the maintenance staff will have to suffer cuts while the controller positions will be protected.

Do you have any figures on how much of a staff reduction the maintenance function would take under the President's budget proposal? If you don't have it at present, you can always submit it for the record.

Mr. **Mark Schneider**. As I understand it, Mr. Chairman, it is in excess of 300. We will supply the exact figure for the record.

[The following was received from Mr. Schneider:]

Professional Airways Systems Specialists,
Washington, D.C., April 4, 1986.

Hon. Norman Mineta,
Chairman Aviation Subcommittee, Public Works and Transportation Committee
Washington, DC.

Dear Mr. Chairman: Pursuant to your request at the March 12th Subcommittee hearing, the following information is provided for the record:

The President's Fiscal Year 1987 Budget called for a reduction of 359 positions in the Airways Facilities Division on the FAA.

I remain,
Sincerely,

Mark E. Schneider,
Executive Vice President.

Mr. **Mark Schneider**. But, with the hiring freeze, those cuts will be similar to the problem you addressed with the FAA Associate

Administrator this morning about real cuts and real gains. It is going to be the same situation: 300 more cuts on paper plus a loss of 1,000 due to retirement and attrition is a cut of 1,300; it is not a cut of 300.

Mr. MINETA. To what extent is the maintenance function being contracted out today, and what do you anticipate next year under the President's budget?

Mr. MARK SCHNEIDER. We have got approximately four or five facilities scattered throughout the country, level 1 VFR towers that were put into contract maintenance test pilot programs.

We received a briefing from managers in the field that the FAA is proceeding ahead under their contracting out plans to contract out approximately 500 positions in three FAA regions: eastern, Great Lakes, and southern regions.

These positions will be predominantly at level 1 and level 2 towers, the only exception being if they have a radar that feeds information to a larger level 4 or 5 or center complex.

The process is going to take 53 weeks to go to the contract; it will take 90 days after that to go to the managers of the new contract, and approximately 9 months after that before the contract employees are in place. So, under the 1987, we will not see it; under the 1988, we will. The contract will be let in 1987, but the actual replacements will take place in 1988.

Mr. MINETA. And can you briefly elaborate on the problems you see with greater contracting out of the maintenance function? You touched on higher costs from contracting out than by keeping the function in-house, and can you elaborate on this problem as well as any others that you see in contracting out?

Mr. MARK SCHNEIDER. I could, Mr. Chairman, but it is rather late, and that would take about 4 or 5 hours. So what I can do is just very briefly tell you we will lose standardization; we will lose quality control; we will lose user confidence in the work that our current people do, because of this loss of quality control.

We will lose training. We will lose the ability, if contracting out does not work, to restore it back to the FAA, because those FAA employees will be gone. They are not going to wait for 3 years in unemployment lines for their jobs to be reinstated because the FAA is wrong.

Mr. MINETA. I agree with you that we are moving toward real problems in your area. The controller and inspector shortfalls have received much more attention and visibility. But the maintenance function is an area where shortfalls are also occurring, and I believe it is an area we need to direct more attention to, and so I am going to be asking the GAO to get into this so that we can get a better handle on what can be done to get some changes and improvements made in this area, and I appreciate your bringing that to our attention so forcefully.

Mr. MARK SCHNEIDER. Mr. Chairman, we will be happy to work with the GAO or anybody else you want to look at the problem. We just want the problem fixed.

Mr. MINETA. Great.

Mr. Henry, you say that the President has requested 748 fewer positions for the flight service system in fiscal year 1987 or a reduction of 17 percent. Given your familiarity with the flight service system and its staffing, can you provide us a view on how this would affect the services provided by the flight service program?

Mr. HENRY. I believe the major effect would be that these reductions would have to take place in the smaller facilities around the country which originally had been planned to be closed due the consolidation by an earlier procedure that was devised that was based on the fact that model 1 equipment should have been several years ago.

Model 1 equipment was recently commissioned at Dayton/Cleveland, OH, and Bridgeport in February, approximately a month ago. The cuts that the administration has requested were based on the fact that model 1 should have been in effect and certified probably a year and a half ago, and therefore, there would have been several more automated facilities operating around the country for the fiscal year that they requested the reductions for.

If the smaller facilities are closed prematurely, without the model 1 equipment and automated facilities operating, I believe that aviation safety in the remote areas would be severely denigrated. There would be very little available in some of the remote areas for search and rescue or DF steers or VOR orientations and flight planning.

I think you could probably ask any of the members that have appeared on the panel with me today—and even Mr. Sheehan probably touched on it briefly when he discussed the flight service operations—that even though automated facilities are in existence today, they are almost impossible to get through to, and there is a lot more than just bugs in the system right now.

I had a meeting at Leesburg Flight Service, which has some automated equipment in terms of the telephone system, and the specialists complained to me that they were not being put through the same workload that they were used to in their old facility.

It is very unusual to have workers complain that they are not working hard enough, but they are a little bit embarrassed that they will sit around twiddling their thumbs and the phone will finally ring, and there will be an irate pilot on the other end saying he has been trying to get through for 20 minutes, and he gets mixed up in the automated telephone system and gets constant recordings, or the system will just hang up on him. I have tried it myself, and it happens.

So I believe what has happened is that the administration has assumed that automation is a little bit more on track than what it actually is, and has requested what they would assume would be the normal reductions due to increased productivity with the AFSS's, which do not exist.

Mr. MINETA. Mr. Hunt, you say in your testimony that when the controllers strike occurred in August of 1981, the controllers knew that it would take some 8 to 10 years to recover.

Now that we are roughly halfway through that process and are facing insufficient funding, the 8 to 10 years for recovery you described may get longer. In order to keep the recovery process of track, what level of funding or percentage increases are needed over the next few years?

Mr. HUNT. We are working on those figures. As I stated before, we didn't get the information from the FAA to do an in-depth study for today's testimony, but we are in the process of having that cut out now. I don't have those figures for you.

Mr. MINETA. Fine.

Mr. Robert Schneider, if I might ask you, your testimony indicates that you are seeking a relatively small amount of funding from the FAA for development of your system. Without commenting on the technical aspects or feasibility of your company's proposal, it does seem like a potentially useful concept and one that could have wide utility in today's aviation system.

Does it strike you as somewhat indicative of the funding predicament that we are in that a proposal for a better mousetrap falls on seemingly deaf ears at FAA?

Mr. ROBERT SCHNEIDER. Well, sir, when we went over to the FAA on December 23 of last year, the ears that came in to hear our story did not understand our technology at all. When we walked in, we asked them if they had ever heard of a local area network or knew what one was, and they did not, so in terms of the FAA having the people inside the house that understood what we were all about, they just were not there, and they didn't seem to be interested in being educated, either. They primarily gave us a very polite reception and sent us on our way.

Mr. MINETA. All right.

Well, let me thank this panel again very much for your contribution in giving us an understanding of the problems that you face, and I appreciate it very much.

The record will remain open, and we will have questions that I am quite sure that we will want to direct to the witnesses through the mail, and we will put their responses into the record when they come back.

There being no further business before the subcommittee, the subcommittee stands adjourned.

[Whereupon, at 4:41 p.m., the subcommittee adjourned subject to the call of the Chair.]

[Mr. Henry's, Mr. Johannssen's, and Mr. Robert Schneider's prepared statements follow:]

AMERICAN AIR TRAFFIC
CONTROLLERS COUNCIL OF AFGE

10285

April 2, 1986

Chairman James J. Howard
Committee on Public Works and Transportation
U.S. House of Representatives
2245 Rayburn HOB
Washington, DC 20515

Dear Mr. Chairman:

In response to my testimony at the hearing for your committee, Public Works and Transportation on March 12, 1986, you requested additional information. The figures you asked for are still being compiled, but I have enclosed three documents which may interest you.

I will be sending further information to you.

Sincerely,

Edgar Hunt

Edgar Hunt
Air Traffic Controller

Enclosures

80 F Street N.W., Washington, D.C. 20001 202-639-6410

FROM A CONTROLLER

There are two basic reasons why I do not feel that the chiefs committee will make a serious contribution to intra-facility/morale problems. Both of these reasons are supported by facts and regretably can not be dismissed as an opinion.

The first and more important reason is that the region is again using an old FAA presumption - that an unintimidated and unrestrictive flow of communication exists between management and employee and between management and management; it doesn't!

Lines of communication did not exist on any Aug. 1 of any year with the managers of Aug. 3, 1981. Unless something has happened since then that I have missed, those same people are still responsible for communicating. In fact, some of these actually feel smug, and feel totally vindicated of any wrong-doing. Their people were not talking to them before Aug. 3, 1981 and they still will not talk and place trust in them.

The non-committee chiefs are not going to make serious and constructive recommendations to the committee, when by doing so, they make a de-facto admission that there were problems in their facilities that they couldn't or didn't resolve. In fact, there are too many facilities where the words that I have just written would never leave the facility, no-matter how much it was the collective opinion of the controllers.

The second problem is the construction of the committee - How would the chiefs feel if all of the FAA's Division chiefs met to discuss the problems of Facility Chiefs? How much confidence would the facility chiefs have that their problems would be identified and solutions found by some of the people who contributed to making the problem? Now you know how the controllers feel.

Anyway - never say die and at last we may have a chance, so I will list those problems which we feel relate to the current situation.

1. What does the FAA do with incompetant managers?

If they are allowed to continue as decision making managers they will promote to the next generation of managers, people who are in their own image. Regretably, many of them have already built their "mini-kingoms" with first and second level supervisors who will be the next "Kings." (Regional offices also)

Someone above these people has to take the unpleasant burden upon themselves to "bite the bullet", of thirty years making and take whatever action is necessary to neutralize these people.

First and second level supervisiors can be properly trained and then compelled to perform or be demoted. Chiefs and staff officers who remain ineffective can be offered early retirement or jobs that they are qualified to perform and which do not involve supervisory duties.

I realize how brutal this approach may seem to many people. However, the new people coming into the system must not be subjected to the choice of either accepting these people as leaders or again forming a militant Union. It was a horrible choice before, and it will be just as wasteful again.

2. "No one can relate to the problems of the person doing a difficult task if they have forgotten or never knew the feel of the pressure that results from that task!"

Many of our managers apply military style discipline.

Every ATCS within a facility must remain position current in the operation of that facility - also each person in the air traffic (and Operations) branches of the Regional Offices should serve a one week detail in a Level II or III and one week detail in a Level IV and V facility each year.

There is a serious gap of misunderstanding between field personell and Regional/Washington offices. Upper managers do not feel a need to personally see and experience the problems of the field ("After all I was there - I came up in the ranks so don't tell me I don't relate and understand the field problems"). Yes they did, at a different time, with a different type of controller, different aircraft, different equipment and a different system. They have not "felt the presures of performing todays tasks" in todays system and under todays rules.

3. By their nature controllers are very opinionated and feel a profound compulsion to express their opinion. I have heard many gems stated by controllers and also many utterances of complete folly. But in each instance the speaker felt better because he had the opportunity to express himself.

If the FAA does not provide the opportunity for all personnel to be able to express their opinion, no matter how useful, they can not begin to win the loyalty and trust of their present or future employees.

A person must not feel intimidated into silence by withholding promotions and/or a fair PER, either by innuendo or fact. A person's opinions and suggestions should not be dismissed out of hand.. If fair consideration and evaluation is given to the least promising opinion or suggestion, we can be sure that those of true merit will contribute to our common goals.

One of the true tests of how well one could lead and inspire others is their position amoung their peer group. This, and how much they contribute to the growth and perfection of their profession is the best guage on how well they they will perform at the next level.

The FAA has always had numerous people who could have made very constructive contributions except that the lines of communication and contribution required that they demonstrate the proper degree of humbleness and distortion of opinion before the lines were open to them.

4. Effective managers (task force pg. 123 para. 8) will have occasions when they must and will make unpopular decisions. On these occasions it is imperative that the manager explain, explain and explain again. Don't apologize or leave the attitude that "I am the Boss and that is my decision." If they have been forced into a corner and find that that is their only retort, they are not communicating and certainaly not leading.

In many areas a facility can not "function-by-committee." The collective opinion of controllers is important and valuable, however its value is occasionally limited by the collective experience level of the work force and by limitations imposed by the restraints of standardization. When management decisions and the conduct of facility management reverts to "rule by committee", and/or vote of the majority, the manager is not leading he is "conducting," and making 49% of his personnel unhappy because their "vote" was not upheld.

5. Standardization has always been important, but it has become even more important now that many new people are being added to the system.

The Air Traffic Branch should have at least three (one terminal, one FSS, one ARTCC) Standardization Specialists who will:

1. Review facility operations orders/instructions for inconsistant and non standard items (or their omission).
2. Visit facilities at least twice annually for the purpose of reviewing operating techniques and practices so as to standardize where possible.

These specialists should also meet yearly in Washington for the purpose of system standardization.

A form report should be formulated on which controllers could make observations and suggestions, not in the manner of a UCR but only in the interests of standardization. - Case in point - "New Boy" arrives at a facility and must unlearn the standardized techniques and practices that existed at all of the other facilities that he worked. Being "New Boy" he has no choice but to participate in the non standard practices until he also makes a continuing contribution to non standardization - we just lost another one.

6. Beat the next Union to the punch. Have each facility elect a controller representive and an alternate who report only and directly to an FAA representative - Allow them to formulate their rules and procedures of conducting business as they wish (they would do all of this and more if and when they form a Union anyway). There is no need to have a "facility local union" if a true check and balance exists and works.

The manager who knows that a subordinate has an alternative to accepting bad management will be more attentive and responsive to the collective needs of his subordinates. A good manager can stand criticism because if it is untrue and his accusers show themselves for what they are while allowing the steam to be reduced in a budding morale problem.

7. Give serious consideration to the idea that not all of FAA management must be former controllers;

1. Training specialists who are trained as controllers and become directors of D.C. and Regional training offices.
2. Employee/management relations specialists.
3. Operations specialists (and the list goes on.)

8. Approach Control and ARTCC's must be combined - they always should have been in one room with one goal, with common problems solved with common effort. It has always made sense. It makes even more sense now.

9. Require bi-annual written tests on controller book knowledge - A pilot who obtained a license in 1935 should not be allowed to fly unless he has grown with the system and while being current and extremely proficient in being able to control an aircraft, he is a danger to others because of his lack of current knowledge.

Can we expect less from our controllers? Should we demand of others what we are not doing. We must test everyone in air traffic and operations from D.C. to flight data!!!! Don't we require it from the airlines?

10. One of the major provisions of the Second Career Act (Public Law 92-297) was a requirement that a determination be made as to the qualifications of the retiree and the availability of a position, within the government, that would fit their qualifications.

To the best of my knowledge not one controller was ever evaluated and no search was made to obtain alternate employment. The machinary to inact the provision was never established and it was not a funded item.

Evidently "bail outs" were not wanted anywhere in the government service, especially in the FAA. Could the feeling be that there would be a contamination of the younger/newer employees?

11. Priority for promotion for I & II to III & IV.

12. By taking money away from ATC to prevent AF/FSS LWOP's they are eliminating one problem and creating a larger one. There must not be LWOP's, but to take away a "promised" raise to the controllers only adds fuel to the argument that we can not have improvements with the present managers - CREDITABILITY.

13. Controllers do not have confidence in the ability of FAA's management to make timely and constructive change . The task force report will be studied, and then the studies will be studied. By then the clamor it caused will have died out and the system will be back to "normal". It has been nearly a year since a strike by people whos reasons for striking has been upheld, even if we still condemn their actions.

14. Hold a Supervisor/Manager responsible for the selections/recommendations that they make for promotions to supervisor (and controller) positions - Make it a factor on their PER ratings. They will think twice before promoting the unqualified. Make them accountable.

Of the 14 items listed, #6 and 14 will result in the largest dividends in the shortest time - Let's face it - time has become a factor. Management needs to show leadership before a union starts leading again. I hope that the R.O. and D.C. are not fooling themselves again in believing that the controller/lower management are not going to demand a voice in their future.

ATTACHMENT 2

Unionism in the FAA

In the twenty three years I have been with the CAA/FAA there has been accumulative turmoil between management and employee. Each side became increaseingly intangled in oppossing philophies which caused the decay of harmony to be irretrievable. Any hope for reconciliation was lost when both sides no longer wished to consider the validity of the others point of view. This occured in the late 1960's. Managers who demanded unquestioned obedience and loyality as a prerequisite to job advancement found themselves faced with a work force which would not respond to militarized and archaic management practices. One side would not learn and improve, the other would demand and accept no less.

August 3 was inevitable. The strike followed a course set long ago when management promoted people who performed out of ambition rather than inspiration. These were people who were carbon copies of the promoter and would not "rock the boat." It was not hard to comprehend that the people who are now the permanent managers (in control of the destiny of present ATC personnel development) would blindly walk hand in hand with an organization of their employees into a crevasse of insane folly. Who were the inspired leaders - who were the confused followers?

Even prior to the 1960's management and employee had started down separate paths which became increasingly divided by a wall where-in each could not, or would not, attempt to understand the problems of the other. The longer managers were away from active control of aircraft,and the essence of air traffic control, the more muted became their feeling for the intensity required to control aircraft. In the mid 1970's the controller ranks lost many of their peer group leaders via medical retirement. These people provided whatever stabilizing influence that existed. Their loss caused a quantum jump in controller militantcy (where-as each generation of controllers were more intelligent, more intellectual and more intune with human relations than the last, they were less inclined to accept tomorrow's promise to solve yesterdays problems). The few remaining peer group leaders chose to use their talents and leadership abilities to promote the growth of their profession through the union rather than join the ranks of those with whom they disagreed. Thus, management promotions were being made from a group of controllers which contained few, if any, people with leadership ability. The controllers gave the newly promoted managers no support and extended their loyalities to the leaders of the union locals. The next generation of controller hiree's reported to facilities which contained an FAA facility administration management and a union controlled facility workforce.

Blame for August 3 must be shared, but ultimately management must bear the burden of fault for they have the responsibility of leadership and are the keeper of the keys to the future. The union must bare the scorn of those who believed that there is no honor in suicide.

Union leadership suffered from a malignant belief that if management couldn't provide utopian answers to controllers needs, the union could - and would. They misinterpreted and misstated the resolve of many members. The shouts and cries were not really an out pouring of anger demanding that management be fought and that blood be drawn, rather an anguished cry for work conditions which would allow them to have a long and productive career. (How many controllers have?)

(Note: Level I and II facilities could not relate to the above, but followed a strike-lead through the peer pressure of union camaraderie and esprit de corp which, if nothing else, was enviable, if not admirable.)

Attachment 1 cont.

(2)

The controllers of the future will make the same mistakes of the past when they form an employee union. It's inevitable. They will, again, use the intensity required toward the performance of the functions of their profession to demand from management the same degree of perfection which is required by their profession. Where-as small errors can be forgiven by either side, the accumulative memory of each serves to solidify hastily formed and erroneous opinions. No one can wait for sanity to pervail because controllers deal in the split-second-now and management struggles from a position which is always behind a curve. Esprit de corp has as it's only foundation a contagion of good morale which is forged by the attainment of common goals.

Bad morale caused controller unionism and unionism created a militant work-force which was nearly impossible to manage. The union did not believe that they were dealing with only inept management. They were certain that it was unresponsive and unimaginative. The frustrations of controllers blended with the over-assertiveness of management and vis-a-vis. Demoralized controllers form unions where-as frustrated management can only issue directives.

I have spanned the years from being ordered to return a car which I had just purchased because the Chief told me that I couldn't afford it and the indebtedness would interfere with my training (1957), to hearing the FAA administrator state that controlling aircraft was no different than driving a bus (1980). How much progress in employee/management relations do these two deeds indicate? Who briefs the political appointees? Who has continued the chain of knowledge from one administration to another with no change of management philosophy? Who, even now, is confused about the decay in employee morale that caused 12,000 of their responsibilities to fail?

Can we find a future with bewildered leaders? Will it again be a "who me?" approach by too many people when they are asked to identify workable solutions to problems with which they can't personally identify? Regretably too many of these same people do not possess the capacity for self-criticism. I am sure that being compared to controllers did not boost the moral of bus drivers, but it caused the already over-assertive pride of the controllers to be flavored with an angered tinge of red.

I will not demean the memory of the reader with a repetitious listing of the points of conflict between union and management on Aug. 3, 1981. The conflict arose when the union became too busy condemning managements efforts to present objective and realistic answers. Management concentrated so much on winning small wars that they weren't even trying to find the big answers.

I believe that there is, has always been and always will be only one major reason for deep seated bad morale in the FAA. This is the controllers knowledge that the job of controlling aircraft is not one from which they can retire honorably and reasonably healthy. FAA management has not provided answers, thus unionism and still no answers

Burn-out. It's existence is being denied. They say it is only an escape for weak people who were never equipped to do the job when they were hired to be controllers. They say it is an excuse for bad or weak performance and on and on ....

Who are these people? These self-declared judges about burn-out? Is the denial of its existance coming from doctors in physiology or psychiatry. Is it declared a fraud by experts in internal medicine? No. These denials come from people who were never a controller or were not a controller long enough to experience the beginnings of burn-out - the present permanent management of the FAA. After all these years I can think of very few people who are or ever were in management, who worked a large amount of aircraft over a long period of time (15 - 20 years). They didn't attempt to be a controller after their reaction time was not sufficient to any task that they once did without thought.

Almost all of FAA management were promoted out of the controller ranks shortly after they were performing as good or very good controllers. That takes only seven or eight years. They become managers in only ten to twelve years while having controlled considerable less traffic than now exists. Had they stayed as controllers long enough they would have felt burn-out. There again, why should they have waited to feel burn-out before they bailed-out.

Talented management candidates have always been so very scarce that the people who displayed a tint of cream were scooped off before they had the knowledge of compassion for those who had a talent to only control aircraft. Also, before they themselves felt a telling change in their reaction time and questioned if a person could in fact, safely control aircraft for twenty-five years. I am sure every person promoted to management is confident that they have the expertise and knowledge to make the job more responsive to controllers justifiable needs. The controllers union was over confident for the same reasons. The job of controlling promotes over confidence. Over-confidence is not an enemy of controllers. Without it they would be either confident or underconfident. Neither of the latter would get the job done. Thus, it is a young persons job which uses gut-reaction rather than pondered thought.

Where-as ninety percent of the controllers demands were ridiculous answers to a demanding question, they did address themselves to the question - A Survivable Profession.

WHEN THE ISSUE WAS CONFIDENTLY ADDRESSED BY THE UNION AND MANAGEMENT DENIED THE EXISTANCE OF THE ISSUE, THE REBELLION BEGAN.

Rebellious employees did not make unions, management made rebellious employees who formed unions. The unions filled the void of a controllers fears in that they proposed to created job benifits which would give a controller a survivable profession.

The unions displayed an obstinate determination that the controller admired and respected. FAA management could have been the recipient of this admiration and respect had it recognized and addressed the previously stated fears. Controllers believed that unionism may be able to provide the relief that they believed that they required. One thing they knew for sure - management wasn't even trying, in fact, were denying the existance of the fears. More over, management had cancelled their only hope - Second Career Training. (It wasn't working, but it was still their only hope).

If "burn-out" does not exist it would be in the best interests of the FAA's mission if the FAA Flight Surgion could determine that the symtoms that controller confuse with "burn-out" is nothing but a harmless manifestation of their over-active imagination.

QUESTIONS AND ANSWERS
FROM
JIM EDMUNDS CONTROLLER AT SALT LAKE CENTER AND MEMBERS OF THE AATCC ORGANIZING COMMITTEE

1. IS IT SAFE?

This question must be the primary consideration of this committee as each item of the FAA budget is reviewed, for aviation safety is the prime charge of the FAA and expenditures for that safety are the responsibility of this committee.

2. IS THE SYSTEM SAFE NOW?

Yes, but speaking as an air traffic controller I now tell you the system is stretched to its absolute limit, with inadequately staffed facilities were controllers are continually asked to operate with maximum traffic loads using aging equipment that technological has reached its limits, controlling for long periods of time without adequate relief while dealing with a management system that redefines the word subjective. The FAA is at present burning it controllers at both ends.

3. What are the immediate primary needs of controllers?

Our surveys and polls have shown the primary concern of controllers across the nation is the need for an increase in the experienced controller staffing levels. The bad news is, hiring off the street alone does not work as it takes 2 1/2 to 3 years to reach journeyman levels. The good news is that these needed controllers already work for the FAA and are "checked out" in the facilities were they are needed. These controllers work in the same building, but instead of controlling traffic they work in departments which are the pet projects, white elephants, and sacred cows of the FAA's bureaucratic system.

The major reason the strike of 1981 was a failure was because the FAA emptyed out these offices and sent them back to the floor to control airplanes, and for the next several years they spent their time controlling airplanes instead of writing papers to justify their positions. Now, as the new controllers hired after the strike are reaching journeyman status, these staff/controllers are going back to their desks to regenerate their self-serving paperwork. During their absence the lack of this paperwork had no adverse affect on the air traffic system. It was found that paperwork which had to be done could be accomplished by a much smaller staff.

We would like these controllers back now!, and many cases you can abolish the positions they vacate. (i.e.,) the Quality Assurance Program was began 2 years ago, to appease Congress on thhe issue of air traffic safety, even though there where already adequate programs in affect through the training departments. A typical center Quality Assurance Office will have three full-time controllers and a full-time supervisor. Send them all back to controlling airplans and it would be years if ever before anyone noticed they where gone.

OTHER OVER STAFFED AREAS ARE:

a. DATA SYSTEMS. (Controllers working as computer operators).
b. PLANNING AND PROCEDURES OFFICE (After 17 years with the agency I'm still not sure what they to, if anything).
c. MILITARY LIAISON AND SECURITY (Necessary work, but over staffed).
d. REGIONAL OFFICES (There are 9 regional policies for the facilities in the states under their jurisdiction and are one of the worst wastes of money and man power in the FAA).

4. IS IT SAFE?

The answer to that question could lie right here with this budget committee.

Monies must not be cut from payrolls and benefits of active controllers whose dedication and sacrifices keep the system running and safe.

Monies must not be cut from equipment updating, modernization, or maintenance programs.

Air traffic staff levels must be increased.

The air traffic in this country is on the increase and will continue to increase inspite of the governments budget problems. We are charged with the lives of people in the system and we all must act responsibly to ensure their safety.

ΣNAATS▷
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STATEMENT
before the
SUBCOMMITTEE ON AVIATION
THE HONORABLE NORMAN Y. MINETA
CHAIRMAN

-

COMMITTEE
on
PUBLIC WORKS AND TRANSPORTATION
U. S. HOUSE OF REPRESENTATIVES
Ninety-ninth Congress

on

THE EFFECTS OF THE PRESIDENT'S BUDGET AND GRAMM-RUDMAN-HOLLINGS ON AVIATION PROGRAMS

by
BRUCE B. HENRY, PRESIDENT
NATIONAL ASSOCIATION OF
AIR TRAFFIC SPECIALISTS

March 12, 1986

Mr. Chairman and distinguished members of this Committee, I am grateful that you have provided me with the opportunity to appear before you and to express my thoughts and opinions relative to the effects of the President's Budget and Gramm-Rudman-Hollings on aviation programs. I am accompanied by Mr. Edward L. Huie, our Director of Legislative Affairs.

The Flight Service System is an integral part of the Air Traffic Control System. There are approximately 300 flight service stations throughout the United States. The personnel who staff the Air Traffic Control System are divided into three options and are designated by the Office of Personnel Management as Series 2152. They are called:

1) Air Traffic Control Specialists (Station)

This category is the least understood of the three categories because of the lack of term standardization and the widespread use of colloquialisms. FAA, and others as well, confuse the issue by referring to this category as Flight Service Specialists, Specialists, Flight Service Station Specialists, Station Specialists, Station Personnel, Station Controllers and Controllers. It is so confusing that uninformed persons sometimes infer that these are the personnel who fuel and maintain aircraft. For NAATS, this is an overwhelming educational burden.

2) Air Traffic Control Specialists (Terminal)

3) Air Traffic Control Specialists (Center)

This Association is designated by the Secretary of Labor as the exclusive representative of all the bargaining unit members who are Air Traffic Control Specialists (Station) Series 2152.

Before we can assess the impact of the President's Budget and Gramm-Rudman-Hollings on the Flight Service System, we must examine the current status of the Flight Service Modernization Program.

Basic guidance was provided to the FAA on January 30, 1985, in a letter from the Senate Committee on Appropriations (Subcommittee on Transportation) and signed by Chairman Andrews and Senator Chiles. A copy of this letter is included as Attachment (1).

One paragraph of that letter is quoted here for further comment:

> "1. Model 1 equipment testing and installation should be expedited. The Committee expects FAA to meet its current schedule to install three systems in May, and to complete installation by November 1986. Every effort must be made to commission Model 1 equipment in tandem with the commissioning of an automated facility. The Committee will not view favorably additional consolidations beyond FY 1985 unless Model 1 equipment is fully certified."

This Association has always taken the position that the Modernization Program should adherc to the basic principal of "modernize first - then consolidate". This was also FAA's orignial position, but as the program has progressed, the FAA's position has changed and has become increasingly vague to us.

From the quotation above, please be assured that we are proud to have a logical position which nearly coincides with that of the Senate Appropriations Committee.

We infer that the Andrews/Chiles guidance went unheeded by the FAA for, on April 3, 1985, the Administrator stated before the Senate Appropriations Committee the following, relative to flight service:

> "The consolidation of existing facilities provides equal or better level of service to users with less cost to the taxpayer. Savings, as well as significant cost avoidance, can be achieved through consolidation *independent of any automation.*" Existing facilities are equipped with Leased Service A equipment, and initially the consolidated facilties will use that same equipment until the installation of Model 1 automation."
> (Italics supplied)

The Senate Appropriations Committee, in its perseverance, addressed this matter in its Report 99-152, on the 1986 Transportation Appropriations Bill, as follows:

FLIGHT SERVICE STATIONS

> "The Committee is informed that new, automated equipment for consolidated flight service stations was tested at FAA's Technical Center and installed at three locations earlier this year. This equipment, known as model 1, awaits official certification after training and final testing. The Committee notified the FAA on January 30, 1985, that additional flight service station consolidations would not be approved until model 1 equipment was fully certified. Pending receipt of such notification, the Committee gives tentative approval of proposed fiscal year 1986 consolidations, but expects a report by December 1, 1985, on all guidance contained in the January 30, letter. At that time, the FAA should also report on any changes in its actual fiscal year 1985 consolidations or those previously planned for fiscal years 1986 and 1987, and any new facility consolidations proposed for fiscal year 1988."

The Flight Service System situation was considered to be of such importance that it was addressed in The Conference Report:

> "The conferees continue to be concerned about both the adequacy and cost effectiveness of automated equipment for consolidated flight service station facilities. House report 99-256 contains language requiring FAA to report on the relative cost, performance, availability, and eligibility for airport grant funds of commercial and government direct user access terminal (DUAT) systems. Until both the House and Senate Appropriations Committees have evaluated and approved FAA's reported DUAT comparison and selection process, the conferees direct that funding for development of the Model 2 automated flight service station be suspended.
>
> In addition, Senate Report 99-152 required certification of Model 1 equipment and a revised facility consolidation plan to be submitted by December 1, 1985. Until the Committees have received and reviewed these reports, the conferees continue to disapprove fiscal year 1986 consolidations." (Page H 12142 Congressional Record #174 of 12-16-85)

So that is where the Modernization Program stands at this time with the exception of the required December 1st, 1985, report from the FAA. That report was eventually submitted on January 27, 1986. It is important in that it spells out a myriad of details about flight service which should be part of the public record. Accordingly, I am including the report as Attachment (2).

The report fails to certify Model 1, and it ignores the guidance set forth in the Senate letter of January 30, 1985, previously referred to - specifically:

> "Every effort must be made to commission Model 1 equipment in tandem with the commissioning of an automated facility."

We regret that the FAA declined to comment on this item for it causes us to believe that FAA's intent now is to proceed with consolidation, in many cases using the same old equipment with the basic policy of: "save money first - aviation safety second."

We are not privy to all aspects of the President's Budget Request for 1987 at this time, and will not know the details relative to flight service until the "Budget Justifications" are made available.

We do know that for FY 1986, when the President requested 120 fewer positions than for 1985, he cited the increased capacity of the private sector as the justification for the decrease, and further stated that there was an ongoing study to examine an expanded role for the private sector. Undoubtedly, this same rationale will be used for FY 1987.

The study referred to above has been published, but with limited distribution. It is entitled "Flight Service Station Privatization Study", dated June, 1985. It was prepared under contract for the

FAA by Comsis Corporation, Gellman Research Associates, J. Tilghman Montgomery Associates, and EXP Associates.

Under the "Executive Summary", the safety impacts are quoted:

> "The safety impacts of FSS privatization are significant; there would be an increase in the number of fatal weather accidents (a weather accident is one where weather was cited as a cause or factor) resulting from reductions in the use of flight services if user fees were imposed and the discontinuation of in-flight services, including assistance to aircraft in distress, search and rescue activities, and enroute flight advisory services (EFAS). There would be no significant safety impacts under Configurations II and III. Under Configuration IV, there would be an increase in the number of fatal weather accidents due to the decreased use of flight services, resulting in an estimated 34-48 additional fatalities per year, with an annual economic loss of $23-32 million. Under full privatization it was estimated that there would be an additional 203-212 fatalities per year, due to the decreased use of weather briefings and the elimination of search and rescue, assistance to aircraft in distress, and enroute flight advisory service, with an annual economic loss of $141-147 million.
>
> Also, there are significant legal questions about the FAA's ability to effect a complete withdrawal from the provision of some or all FSS services. Specifically, it is not clear that the FAA's enabling legislation allows the Agency to divest itself of such responsibilities. Moreover, there are significant questions about the ability of private suppliers of FSS services to obtain insurance coverage for certain aspects of their potential liability. For example, there appears to be little likelihood that such protection can be obtained at an acceptable price for services provided through air-to-ground communications.
>
> All things considered --
>
> - o Some privatization is already underway with respect to weather briefings and flight planning. FAA should place no undue barriers before those who would supply FSS services on a user-fee basis.
> - o Full privatization is not feasible. Full privatization is not even desirable because the private sector is not likely to supply in-flight services on a for-profit basis at levels approaching the output of those services by FAA.

- Because privatization requires direct user payments for services, if private supply is the only source of such services, the safety of the aviation system will be materially degraded; this grows out of the fact that users' willingness (and ability) to pay is limited in both good and marginal weather.
- Were full privatization a practical possibility, the system would be less safe than at present. Any reduction or elimination of the availability of FSS services will adversely affect aviation safety."

We understand that the President has requested 3,855 positions for the Flight Service System in FY 1987. This is a decrease of 748 positions from the FY 1986 level of 4,603 positions, and represents a drastic cut of about 17%! If this should become law before the last "snapshot" under Gramm-Rudman-Hollings, it would result in an even greater reduction.

Since 40% to 50% of all aviation accidents are weather related, it appears to us that there should be more regard for aviation safety. On February 3rd, when Admiral Engen was asked (Senate Subcommittee on Aviation) about the impact of a 15-20% reductions in FAA's budget after 1986, he responded:

> "I can visualize no reasonable way in which the FAA could absorb that kind of a reduction overall without serious deterioration of the current levels of safety services we provide."

and further:

> "In short, Madam Chairman, FAA operations resources are currently at levels close to the margin this year. There is virtually no flexibility left for us to deal with additional reductions in program levels without significant impact."

We agree with the Administrator's statement of the situation. We also believe that his statement firmly sets the minimum bareboned personnel requirement for the Flight Service System at the FY 1986 level of 4,603 positions.

With the consolidation program on the verge of full implementation; with the installation of Model 1 equipment; with the relocation of hundreds of employees and their families; and with a vast retraining program; we fail to see how the FAA can possibly comply with the provisions of 49 USC 2224, which requires "as good as or better than the service provided when the station was open. . ." Mr. Chariman, we remember well your leadership role in the enactment of this statute.

At this point, we wish to express our sincere appreciation to Secretary Dole and Administrator Engen for their determination and devotion to duty in the implementation of the relocation allowance statute for federal employees. Without this action, many of our transferred controllers would have suffered great financial loss, including, for some, lifelong savings.

We know that the FAA is undertaking many actions to meet their required 4.3% reduction for FY 1986. While these actions are achieving significant results, we fear that they eventually will have to turn to the reduction of personnel costs, which amount to 75% of the FAA's operations appropriation.

FAA's daily payroll outlay is about 6.7 million dollars. Our solution and recommendation is to furlough all FAA employees in a staggered manner for enough days to make up the shortfall. This would be fairer to all employees and would distribute the burden on an equitable basis.

It is patently unfair to single out certain groups to bear this burden, as was the plan with all the attendant morale problems under a previous Administrator, when furloughs were considered.

Who can say which safety action is the most important? We believe it is that safety action which prevented an accident, which can only be determined after the fact.

There are other items in the President's Budget which will impact on all federal employees and, if enacted, will contribute to lower morale in the workforce in all Departments. Briefly, they are:

"o Increase employee and employer contribution from seven percent to nine percent as of October 1, while decreasing retirement benefits.

o Reduce annuity for those retiring under age 62 by two percent for each year of "early" retirement.

o Change annuity formula from high-3 to high-5, which would reduce annuities by ten percent.

o Decrease surviving spouse and student benefits.

o Eliminate 1987 COLA.

o Reduce COLA formula starting in 1988 to Consumer Price Index minus two percent."

Moreover, there is a provision in the House-passed Tax Bill relative to taxation of employees' retirement plan contributions, which, if enacted, may drive thousands of government workers into premature retirement by June 3, 1986. It could severely impact the entire controller workforce.

The Facility and Equipment Account for the Flight Service System, in FY 1986, was zero. The FAA claimed that it had sufficient funds on hand for the year. We hope that is true and, also, we hope there are no secret FAA plans to scuttle Model II.

Finally, you asked: "Is there a need for legislation?" In his February 3rd statement, the FAA Administrator stated: "Aviation is an integral part of the fabric of our society." If we agree with that statement, and if this society also agrees, then legislation is mandatory if that fabric is to be cared for and nourished in the future, and protected from those who may seek to destroy it.

Thank you Mr. Chairman.

Attachment (1)

MARK O. HATFIELD, OREG., CHAIRMAN

TED STEVENS, ALASKA
LOWELL P. WEICKER, JR., CONN.
JAMES A. McCLURE, IDAHO
PAUL LAXALT, NEV.
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United States Senate
COMMITTEE ON APPROPRIATIONS
WASHINGTON, D.C. 20510

January 30, 1985

The Honorable Donald D. Engen
Administrator
Federal Aviation Administration
Room 1010
800 Independence Avenue, S.W.
Washington, D.C. 20591

Dear Mr. Engen:

This is in response to your letter of November 20, 1984, and the Federal Aviation Administrations (FAA's) three-year facility consolidation report of December 1, 1984.

The Committee has reviewed your proposal to close flight service stations (FSS) and certain air traffic control towers, as well as to realign airway facilities sector offices and consolidate aviation standards field offices. In total, these 156 actions over the fiscal year 1985-1987 period are estimated to save $118 million.

The Committee will not object to the proposed FY 1985 flight service station actions and the balance of your December 1 proposal. In taking this step, however, the Committee continues to be concerned about several aspects of FSS consolidation, and provides the following guidance:

1. Model 1 equipment testing and installation should be expedited. The Committee expects FAA to meet its current schedule to install three systems in May, and to complete installation by November 1986. Every effort must be made to commission Model 1 equipment in tandem with the commissioning of an automated facility. The Committee will not view favorably additional consolidations beyond FY 1985 unless Model 1 equipment is fully certified.

Also, future contracts should be executed with penalty clauses to provide insurance against slippages such as FAA has realized with the Model 1 program.

2. Actual savings from consolidations are to be tracked, especially given the reduction since last year's report in total flight services and services per position. As discussed at the January 4 hearing, FAA should manage this program to equalize better the number of services at facilities.

3. FAA should continue its discussions with private contractors of aviation weather information in order to ensure that such services are compatible with Federally-funded activities. As Model 2 software is developed, every effort should be made to take into consideration what is likely to be available to pilots from the private sector.

4. The Committee expects FAA to continue to study the concept of adjunct flight service stations and not to move forward with consolidations in regions where adjunct facilities are appropriate.

Lastly, the Committee expects to review the Department's contract tower proposal, and instructs FAA to continue to review the need for towers where safety considerations warrant the establishment of either a Federal or contract tower facility.

Sincerely,

Lawton Chiles

Lawton Chiles
Ranking Minority Member
Subcommittee on Transportation
and Related Agencies

Mark Andrews

Mark Andrews, Chairman
Senate Appropriations Subcommittee on
Transportation and Related Agencies

Attachment (2)

US Department
of Transportation
**Federal Aviation
Administration**

Office of the Administrator

800 Independence Ave., S.W.
Washington, D.C. 20591

JAN 27 1986

The Honorable Mark Hatfield
Chairman, Committee on Appropriations
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

The Senate Report 99-152 on the Department of Transportation Fiscal Year 1986 appropriations bill requested additional information concerning flight service station (FSS) consolidations. Specifically, the Committee requested a report on 1) all guidance the Committee provided the FAA in a letter dated January 30, 1985; 2) any changes in actual fiscal year 1985 consolidations; 3) changes in those previously planned for fiscal years 1986 and 1987; and 4) any new facility consolidations proposed for fiscal year 1988. The following information is provided to meet that request.

Item 1.

To date, the FAA has come very close to meeting its planned schedule for the commissioning of Model 1. Automated Flight Service Station (AFSS) equipment has been delivered and installed at 15 locations. We did not, however, commission the Cleveland Flight Service Data Processing System (FSDPS) and the Cleveland, Dayton, and Bridgeport Model 1 systems by our original deadline of December 31, 1985. Commissioning has been delayed until we are satisfied that software and weather data base problems are resolved to ensure system safety and integrity. We anticipate that commissioning will take place by February 15, 1986, and, consistent with previous direction, we will not initiate further consolidations in the interim.

The FAA has developed a reporting system to track actual costs and savings from FSS consolidations. Preliminary data are being collected on one-time implementation costs; however, actual savings resulting from consolidation will not be calculated until after at least one full year of operating in a consolidated environment. While we do not anticipate immediate savings resulting from consolidation or automation, we do expect savings to be realized from increased productivity after full consolidation and automation are achieved.

The FAA supports the private sector in its efforts to provide services to pilots beyond those being provided by the FAA. Planning activities are underway to provide the capability for private firms to file flight plans directly into the ATC system. In addition, as we move forward with the Model 2 system, we are continuing to review the potential use of available private sector technology.

The transition to the 61 automated facilities will be phased in slowly during the next 7 years. We will continue to evaluate the remaining FSS's not currently scheduled for consolidation to ensure all actions are appropriate for the areas involved.

Item 2.

The December 1, 1984, edition of the FAA Planned Office and Facility Consolidation Report identified 13 FSS consolidations for FY 1985. Ten facilities were consolidated. One location was removed from the list after the AFSS site for the Los Angeles Basin area was identified, and a consolidation was not required. Two FSS consolidations have been postponed until FY 1986 due to a delay in the availability of the new AFSS building. Attachment 1 identifies details of FY 1985 accomplishments.

Item 3.

Minor changes have been made to the FY 1986-1987 schedule of FSS consolidations. Thirty-four consolidations were scheduled for FY 1986. Due to delays in the availability of the gaining AFSS, 3 of the consolidations have been postponed until FY 1987. Two additional FSS's will not be consolidated until FY 1988 due to delays in the selection of their respective AFSS locations. Including the 2 consolidations delayed from FY 1985, 31 consolidations are now planned for FY 1986.

Forty consolidations were originally scheduled for FY 1987. Two FSS's originally scheduled in FY 1987 will now take place in FY 1988. Including the 3 that were delayed from FY 1986, the number of planned consolidations is now 41 for FY 1987.

Item 4.

There are currently 53 FSS consolidations planned for FY 1988. These consolidations are listed in attachment 2, which is a current comprehensive list of all FY 1986-1988 planned consolidations. This list also includes the changes made to the FY 1986-87 schedule.

We would like to assure the Committee that the FAA has demonstrated successfully that the consolidation of flight service stations has provided equal or better service. We are pleased by the progress we have made to date, and we are optimistic about the results the completion of this program will produce.

A copy of this report is also being provided to Chairmen Andrews and Lehman, Senator Chiles, and Representative Coughlin.

Sincerely,

Don Engen
Donald D. Engen
Administrator

2 Enclosures

ATTACHMENT 1: STATUS OF FISCAL YEAR 1985 FSS CONSOLIDATIONS

IN ALPHABETICAL ORDER

NAME OF CONSOLIDATED FACILITY	FY 1985 FSS CONSOLIDATION	STATUS OF CONSOLIDATIONS
AZ PRESCOTT	Phoenix, AZ	Prescott commissioned 9/16/85. Phoenix consolidated into Prescott 9/27/85
CA HAWTHORNE (relocation of Los Angeles)		Hawthorne selected as AFSS site. FSS relocated to AFSS building and facility commissioned on 9/30/85
GA MACON	Alma, GA	Macon commissioned and Alma consolidated into Macon 9/9/85
IN TERRE HAUTE	Lafayette, IN	Terre Haute commissioned 6/26/85. Lafayette consolidated into Terre Haute 7/29/85
IA FORT DODGE	Des Moines, IA	Fort Dodge commissioned and Des Moines consolidated into Fort Dodge 9/30/85
LA De RIDDER	New Orleans, LA	De Ridder commissioned 9/5/85. New Orleans consolidated into De Ridder 9/28/85
MO COLUMBIA	Kansas City, MO	Columbia commissioned 8/28/85. Kansas City consolidated into Columbia 8/30/85
NV RENO	Las Vegas, NV	Reno commissioned 9/23/85. Las Vegas consolidated into Reno 9/27/85
OK Mc ALESTER	Oklahoma City, OK	Mc Alester commissioned and Oklahoma City consolidated into Mc Alester 9/28/85
PA ALTOONA	Johnstown, PA Philipsburg, PA	Commissioning delayed to FY 1986 due to building problems, leased equipment deliveries, and ICSS modifications
TX CONROE	Houston, TX	Conroe commissioned and Houston consolidated into Conroe 9/5/85
WI GREEN BAY	Milwaukee, WI	Green Bay commissioned 8/6/85. Milwaukee consolidated into Green Bay 8/20/85

ATTACHMENT 2: FSS CONSOLIDATION SCHEDULE FOR FISCAL YEARS 1986-1988

IN ALPHABETICAL ORDER

NAME OF CONSOLIDATED	CONSOLIDATIONS REQUIRED FOR COMMISSIONING, and FOLLOW-ON CONSOLIDATIONS		
FACILITY	FY 1986	FY 1987	FY 1988
AZ PRESCOTT	Douglas, AZ		
AL ANNISTON		Birmingham, AL	
CA HAWTHORNE		Lancaster, CA Paso Robles, CA	
CA OAKLAND			Ukiah, CA*
CA RANCHO MURIETA			Sacramento, CA* Montague, CA*
CA RIVERSIDE (relocation of Ontario)		Blythe, CA Daggett, CA Needles, CA	Thermal, CA*
CO DENVER	Akron, CO La Junta, CO		Trinidad, CO*
FL ST. PETERSBURG		Melbourne, FL*	
GA MACON	Valdosta, GA Brunswick, GA	Savannah, GA Albany, GA	
IL KANKAKEE	Chicago, IL		
IN TERRE HAUTE	Indianapolis, IN Ft. Wayne, IN		
IA FORT DODGE	Burlington, IA	Ottumwa, IA Mason City, IA	
KS WICHITA		Emporia, KS Dodge City, KS	Salina, KS* Russell, KS* Hill City, KS* Goodland, KS* Chanute, KS* Manhattan, KS*
LA De RIDDER	Lafayette, LA Lake Charles, LA		Alexandria, LA* Monroe, LA*
ME BANGOR		Augusta, ME Houlton, ME	

* Indicates changes or additions to previous schedule

ATTACHMENT 2: FSS CONSOLIDATION SCHEDULE FOR FISCAL YEARS 1986-1988

IN ALPHABETICAL ORDER

NAME OF CONSOLIDATED FACILITY	CONSOLIDATIONS REQUIRED FOR COMMISSIONING, and FOLLOW-ON CONSOLIDATIONS FY 1986	FY 1987	FY 1988
MI LANSING		Detroit, MI	Saginaw, MI* Jackson, MI* Pellston, MI*
MN PRINCETON	Minneapolis, MN		Rochester, MN* Redwood Falls, MN* Alexandria, MN*
MO COLUMBIA	Vichy, MO		Joplin, MO*
MO ST. LOUIS		Cape Girardeau, MO	Decatur, IL*
NE COLUMBUS	Omaha, NE Sidney, NE	Chadron, NE	Lincoln, NE* North Platte, NE* Grand Island, NE*
NV RENO	Ely, NV	Lovelock, NV*	Tonopah, NV*
NY W.NY, & PA			Three FSS's consolidated *
NC RALEIGH-DURHAM			Rocky Mount, NC* New Bern, NC* Elizabeth City, NC*
ND GRAND FORKS		Jamestown, ND	Dickinson, ND*
OH CLEVELAND	Youngstown, OH Zanesville, OH		
OH DAYTON	Columbus, OH		
OK Mc ALESTER	Gage, OK Hobart, OK		Ponca City, OK*
OR McMINNVILLE		Portland, OR Baker, OR	North Bend, OR*
PA ALTOONA	Johnstown, PA * Philipsburg, PA *		
PA WILLIAMSPORT	Harrisburg, PA		Wilkes-Barre, PA*

* Indicates changes or additions to previous schedule

ATTACHMENT 2: FSS CONSOLIDATION SCHEDULE FOR FISCAL YEARS 1986-1988

IN ALPHABETICAL ORDER

NAME OF CONSOLIDATED FACILITY	CONSOLIDATIONS REQUIRED FOR COMMISSIONING, and FOLLOW-ON CONSOLIDATIONS FY 1986	FY 1987	FY 1988
SC ANDERSON		Greer, SC * Florence, SC N. Myrtle Beach, SC	
SD HURON		Watertown, SD	Pierre, SD* Aberdeen, SD*
TN JACKSON		Memphis, TN	
TN NASHVILLE		Crossville, TN Bristol, TN	
TX CONROE	Galveston, TX Palacios, TX	College Station, TX	
TX FT. WORTH		Mineral Wells, TX Childress, TX	Dalhart, TX* Wichita Falls, TX* Amarillo, TX* Abilene, TX* Lubbock, TX*
TX SAN ANGELO		San Antonio, TX	Midland, TX* McAllen, TX* Wink, TX* Alice, TX*
UT CEDAR CITY	Salt Lake City, UT		
VA LEESBURG	Danville, VA Salisbury, MD	Roanoke, VA	
VT BURLINGTON		Barre/Montpelier, VT Glens Falls, NY Albany, NY	Massena, NY* Utica, NY* Watertown, NY*
WA SEATTLE		Ephrata, WA Hoquiam, WA Dallesport, WA	Wenatchee, WA*
WI GREEN BAY	Houghton, MI LaCrosse, WI	Wausau, WI	Marquette, MI*
WY CASPER			Laramie, WY* Rawlings, WY*

* Indicates changes or additions to previous schedule

PASS
Professional Airways Systems Specialists
Suite 840/444 N. Capitol Street
Washington, D.C. 20001/(202) 347-6065

President
Howard E. Johannsen
Executive Vice President
Mark E. Schneider

March 12, 1986

TESTIMONY of the PROFESSIONAL AIRWAYS SYSTEMS SPECIALISTS
before the
HOUSE COMMITTEE ON PUBLIC WORKS and TRANSPORTATION
SUBCOMMITTEE ON AVIATION

presented by: Howard E. Johannsen, President.

Mister Chairman and Members of the Subcommittee:

We, the Professional Airways Systems Specialists (PASS), are pleased to appear before you today to present our views on the effects of the implementation of the Balanced Budget and Emergency Deficit Control Act of 1985. In our testimony we will clarify who the professionals are we represent, describe the system as it currently exists in 1986, and present the projected cuts that the FAA would be forced to make as a result of this legislation. Finally, we will propose recommendations for your consideration to help minimize the impact of this bill on the aviation safety of this country.

PASS is the largest single union within the Department of Transportation and the Federal Aviation Administration. We represent the technical work force that serves as the backbone of the national aviation system and the flight inspection pilots of the FAA who insure the accuracy of our systems from the pilots' perspective. Our work force is one of the most sophisticated and talented work forces in the world. We only ask for the opportunity to continue to insure the safety of the flying public.

Over the years the FAA has suffered cutbacks in certain areas. Approximately five years ago, the number of systems specialists maintaining the National Airspace System (NAS) was 11,000. Due to budgetary constraints imposed by Congress and the Administration, both past and present, this number has dwindled to the current figure of approximately 6,500. At the same time that the number of specialists has decreased by almost 40 percent, the number of facilities and systems to be maintained has increased by approximately 15 percent. Today we maintain the most complex airspace system in the world comprised of over 22,000 facilities and systems. Our profession has barely met the productivity increases of more facilities and fewer people that have been dictated to us in the past. In doing so, the system has paid a price. The true cost of that price is now starting to be felt. The effects of Gramm-Rudman-Hollings will serve to escalate this cost.

"We Will Either Find A Way or Make One"

Let us look closely at the profession as it is today. We probably have the oldest work force in the entire federal service. According to FAA's own figures, the demography of this work force shows an average age that today is in excess of 48 years old. In some FAA regions, this figure is even higher. The FAA Southern Region reported an average age of 51 years in May of 1985. Due to a minimal hiring effort over the past few years, this average age is increasing. The number of retirements in our profession is directly rising due to this factor.

FAA's internal figures show alarming increases in systems specialists eligible to retire. As of May of 1985, the Southern Region shows 223 or 22 percent of the systems specialists will be eligible to retire by the end of 1987. By the end of 1989 in the same region, the figure reaches an astronomical 378 specialists or 37 percent of the work force. Other regions of the FAA, except Alaska and New England, are in very similar postures. By the end of 1987, for example, the FAA's Central Region will have 24 percent of its specialists eligible to retire and 38 percent by the end of 1989. The total for all FAA regions shows 21 percent by the end of 1987 and 34 percent by the end of 1989.

The increase in employee attrition is documented in the FAA's National Indicator History and Current Objectives Analysis:

"Separation Rate - Electronic Technicians

Analysis: Separation rate during 3rd quarter 1985 increased 32% over comparable period last year. All regions with the exception of AAL increased their separation rate, some over 100 percent. FY '85 separation has already exceeded the 4.8% target by 4%."

In addition to the factors that applied to employees departing in FY 1985, new factors will increase these figures in FY 1986. Every change made to the federal retirement system that is negative in nature will force more systems specialists to leave the agency.

The impact of this exodus is immediately felt by an increase in the mean time to restore failed systems in the FAA. In the Terminal Automated Radar Service, the FAA shows an increase in restoration time of 17 percent for the third quarter of FY 1985 over the same period in FY 1984, and a 31 percent increase over their target time of 1.6 hours or less. Other systems that pilots depend on such as VOR's, Localizers and Glide Slopes showed similar increases. The only figure that remained constant was in the Composite Data Radar Processor Area. In plain English, when the systems fail, it is taking us longer to restore them and make them available to the users of the system, the controllers and pilots. Remember, each second of down-time is a potential danger for aircraft and their passengers and crews.

Many facilities cannot meet their current staffing requirements. This is forcing field managers into a disdainful posture. Open watches are now being authorized at major facilities. These watches were previously staffed by certified journeymen. Now, they go unmanned. An unsuspecting aviation public flies overhead while managers hold their breath and pray there are no major outages. If an outage occurs, there is no one there to restore the system until a specialist is contacted and returns to the duty facility. Restorations previously accomplished in seconds or minutes will now take hours to do. During these extended periods, the controllers and pilots must bear the burden of a hazardous aviation environment and passengers will run the risk.

Other areas besides the restoration times on the systems and facility staffing are being affected. As new systems are installed, the training of the existing work force will be greatly reduced. Much of this training is conducted at the Aeronautical Center in Oklahoma City. This involves specialists being on temporary duty away from their home facilities. Remaining specialists must absorb the additional work on top of their already overwhelming workloads. The situation that an existing facility manager will face is clear: work will not get done or training will not be accomplished.

The use of computer-based instruction at the home facility is not adequate for many of the complex systems we work on. Even when courses are available and the computer-based system is operating, the specialist still cannot perform normal duties while taking training. The only other available option is overtime, which has already been reduced for Airways Facilities. Under Gramm-Rudman-Hollings, it will be reduced even further. The end result will be an inadequately-trained work force without the depth or expertise to do the job. A similar situation currently exists in the Air Traffic Division. If it is allowed to be repeated in Airways Facilities, the ramifications will be disastrous.

The FAA currently relies on back-up systems to keep the flow of air traffic running smoothly when primary systems fail. Unfortunately, many of these back-up systems do not have the same enhancements, presentations or abilities of the primary systems. With an experienced work force, this was not a major concern. With today's work force, it must be. In addition, many back-up systems have extended outages due to a lack of availability of parts or funds to secure the parts. Priority requisitions to the supply depot that used to be filled in one day's time now take several days.

User confidence in the systems we provide is absolutely mandatory. As systems fail more frequently and take longer to restore, this user confidence is shaken. When a controller plugs into a position, he must have confidence his equipment is working properly. Radar is the controller's eyes and the radio is the vital link between the controller and the pilots. Likewise, pilots in IFR conditions are dependent upon these systems so that they may be properly separated from other aircraft. In addition, pilots also depend upon instrument landing systems and navigational aids. Neither of these professions can afford to doubt the presentations they are provided by our systems when they make split-second, life and death decisions.

Since our profession's inception we have taken pride in our ability to provide a safe system. This was predicated on our performing preventative maintenance. We would routinely check the performance of equipment, finding problems and preventing outages. This is the posture we feel is safest for the aviation community. Now existing cutbacks, and those proposed by the FAA in response to Gramm-Rudman-Hollings, will force us into a deeper corrective maintenance posture than currently exists. Our profession is frustrated with its inability to prevent outages because of a shortage of qualified specialists.

We have attempted to portray to you the system as it currently is. It is not a healthy system. The FAA today is not an over-budgeted, over-staffed and over-trained government agency, but quite the opposite. It is already starting to show signs of anemia. At a time when the FAA has recently announced that it must hire more controllers and aviation inspectors, Airways Facilities faces even more severe cutbacks. At a time when the FAA should be hiring and training new specialists, we are entering into the Gramm-Rudman-Hollings era. On December 30, 1985, through his Office of Budget, the FAA Administrator announced to the field that all hiring, except for controllers, safety inspectors and security specialists, is frozen. **"All technical training shall be deferred except qualification and requalification training for air traffic controllers and flight service specialists, maintenance technicians to attain critical skill balance, and maintain newly deployed NAS equipment."** Unfortunately, as we have previously pointed out, we do not have the personnel necessary to both train and maintain.

In addition, the field has been informed that the agency may suffer furloughs and possibly RIFs. Morale, already low, has bottomed out. This is the monster that Gramm-Rudman-Hollings has created for aviation. Our work force will continue to deplete at an ever-increasing rate without replacements. Our profession is already the shortest staffed in the agency. The workload of the typical specialist, already doubled within the last five years, will quadruple in the next five years. The inability to perform assigned tasks in a skillful manner, we fear, will degrade our professionalism.

The National Airspace System is based on integral professions, not independent performances. It does not make sense for the FAA to furlough only a part of an agency where the functions are so intertwined because human life hangs in balance. If furloughs are a necessity, our people will serve them with every other employee in the FAA -- including controllers. If we are again singled out, we will be forced to exercise our statutory appeal rights which would negate the savings any furloughs would provide. As ludicrous as it sounds, maybe we should furlough the entire agency at the same time. The FAA could give notice to the public we serve that on a certain day air traffic control services will not be provided due to a lack of funds. We are convinced that this action would be safer for users than to run the system dangerously short of staffing throughout the country.

The economic impacts on the aviation community are massive. Flow control restrictions will have to again be imposed. Delays will occur more frequently as systems become less reliable. Potential accidents will become fatal realities. These accidents will involve heavy tolls in the loss of life and property. Not only will the users of the aviation system be at peril, communities underneath will fall prey to metal falling from the skies. As incredulous as this seems, we need only look back within the last few weeks to a crash in a southern California shopping center where numerous shoppers were killed. In 1982, just a short distance from here, innocent commuters died in the Air Florida 90 crash on the 14th Street Bridge.

Profit margins for airlines will decrease. More fuel will be used because of increased air traffic delays. Insurance costs will escalate due to higher liability rates. Aviation may once again be relegated to a rich man's toy instead of a common man's necessity.

Communities will also suffer economic impacts due to loss of salaries from displaced specialists. If the specialists leave their communities to go to concentrated maintenance centers, as the FAA is proposing, their purchasing power, tax revenue and civic contributions will be lost forever to those communities.

The Gramm-Rudman-Hollings bill will not have a positive effect upon aviation. The obvious solution would be to grant the FAA a waiver from the effects of this bill. The choices left to you as legislators, as well as the FAA Administrator, are not easy. In complying with this legislation, you may find yourselves gutting the Federal Aviation Act of 1958, as amended, that created the FAA. This act requires that the Department of Transportation and the FAA are charged with the promotion of aviation and, most importantly, insuring that the airways of this nation are run in a safe manner. We fear that the cuts, as proposed, will not enable the Administrator to fulfill his Congressional edict to insure safety. They would create, at a minimum, a moral violation of the public's trust in the FAA. The obligation of the FAA Act carries through to our defense posture. The FAA plays a very vital role in our country's defense and ability to respond to emergency situations.

This new law will force changes to take place throughout the country. Priorities must be set so that safety does not suffer. Instead of focusing cuts into the operations budget of the FAA, possibly we should look at a realignment of the agency. Is it mandatory that the FAA operate on a nine-region concept with all the associated layers of bureaucracy involved? The Air Traffic Division has operated for years on a chain of command that goes directly from the facility to the region. Airways Facilities interjects another level of management called the sector. If the simplified management approach has worked for Air Traffic, could not a similar system work in Airways Facilities? This could result in many millions of dollars being saved and still allow safety to be the priority.

Future cuts mandated by the Gramm-Rudman-Hollings act will only serve to further cripple the FAA. We have addressed only the cuts that we foresee taking place in FY 1986. Once these cuts have been made, they cannot be restored to the FAA in following years. Each of the out years will require deeper cuts. Safety will diminish respectively in each subsequent year.

The aviation trust fund could be used for a "quick fix" to channel funds into the FAA. It would require legislation authorizing more money to be directed into the FAA's budget, earmarked strictly for operations. The future of the aviation trust fund would be jeopardized by this action. The fund would become one of diminishing returns that would not fulfill the intent for which it was created. Obviously, this use of the trust fund would only be a very short-term solution. In all probability, the fund would be depleted before the Gramm-Rudman-Hollings legislation expired.

The FAA is currently considering contracting out many functions, including the technical work force. Two problems arise from this alternative. First, it will cost more according to FAA internal documents to contract out the positions in our work force than to maintain them. The test basis for the contracting out will initially cost the FAA $17 million more than to maintain the 500 positions. This expenditure in itself would not even be feasible during a time when we are faced with such severe constraints. In addition to the cost, the process cannot be in place until 1988 at the earliest. By then, we have passed the point of no return. If action is not taken by the legislative and administrative branches in 1986, it will be too late.

387 million commercial passengers used the aviation system last year. That is an average of one systems specialist for every 59,000-plus passengers. FAA projections show the number of commercial passengers to be increasing through 1990. This is during a period when the systems specialists will lose over thirty percent of their work force. The number of passengers per specialist will soon become astronomical. Relief is needed now for our profession.

Our organization does not relish the role of an alarmist. We have maintained a low public profile and have tried to work within the system. However, to go ahead with the planned severe cuts in expenditures as outlined is an act of appalling irresponsibility . We do not exaggerate when we say that it will inevitably lead to the death of passengers, air crews and bystanders in the increasingly crowded American air space. We find this action to be no less than a fiscal act of terrorism that must be challenged and reversed before the flying public is held hostage. We, in PASS, realize that this country is suffering severe budgetary constraints, but we feel this kind of across-the-board retrenchment must be stopped. We do not want one penny of public funds wasted, but we do not want one life of an air traveler wasted either.

TIMONY OF UNIVERSAL FLIGHT SYSTEMS CORPORATION
BEFORE THE AVIATION SUB-COMMITTEE,
E COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION

MARCH 12, 1986

TESTIMONY OF UNIVERSAL FLIGHT SYSTEMS CORPORATION

Mr. Chairman, distinguished members of the Committee, My name is Robert V. Schneider. I am the Executive Vice-President of Universal Flight Systems Corporation of Falls Church, Virginia. I would like to start today by thanking you for the opportunity to voice our concern on the critical issue of air safety and the possible effects of the Gramm-Rudman-Hollings budget reduction law on it.

I do not believe I have to remind everyone of the tragic year we just came through in Commercial Aviation. The news media has been very good at reminding us of all the mishaps that have occurred over the last two years, beginning with the crash of a Hawker-Siddley 748 outside Carbondale, Illinois which took the life of 10 people to the accident just before Christmas at Gander, Newfoundland which killed so many young servicemen returning home to be with loved ones for the holidays. Americans have been forced to witness and share the grief and sorrow of literally thousands of families.

As a response to these events our company began development of a device which would warn pilots of potential situations which may lead to the unsuccessful outcome of a flight. The device is a sophisticated set of electronic sensors strung throughout the aircraft monitoring engine, airframe, hydraulic, electrical, and environmental systems through use of a computer. When a fault occurs, the pilot and a ground crew is instantaneously notified of the situation. This will aid pilots in crisis situations so they can concentrate on flying the airplane instead of trying to trouble-shoot all the systems to find out what is wrong. The device will then give the pilot information on just what the extent of the damage is and how long he has before decay in the system will make continued flight impossible.

Technology such as this has been around for quite some time. Local area networks (LANS) are commonplace in the space program. In fact, one of our engineers developed the sensor technology for the Saturn 5 Rocket for Boeing. LANs are not just relegated to the space program. Their use is found in automobiles, offices, hospitals, some military aircraft just to name a few applications. Their use is becoming more widespread as the technology evolves into low-cost standardized components.

The impact this technology could conceivably have on air safety is staggering. As an attachment to our testimony is a table of notable accidents and how our system may have effected the outcome. I would like to comment on the "pilot error" accidents. Pilot error has its base in inadequate, incomplete, or erroneous information being given to a pilot and then the subsequent accident being a result the bad information. Airline pilots are simply too highly trained and professional to allow a situation occur that might endanger the craft, unless the information he is receiving leads him to the contrary.

Our company is a small firm doing over a hundred thousand a year in business. However we have access to some of the finest engineers in the nation. We formulated a proposal and took it to the airlines to develop. They enthusiastically supported the concept and said something like this was needed. When we asked them for support financially to build the product two themes kept re-occurring.

Every airline we took it to either said they wanted the device exclusively in exchange for development money, or they did not have the money to invest in a new safety device since de-regulation. Republic airlines is the exception. They are giving us some limited support for the development of the engine monitoring device. This support is in the form of technical information on the JT8-D which has been implicated in two fatal incidents this year. With the engine device we have proposed the crash of the Air Midwest could have been averted completely. The fire on the 737 in England could most probably have been predicted. We say probably because information on that particular mishap is not available.

We then went to airframe manufacturers. If you bring a device into a manufacturer that may extend the life of the fleet that is already out there then you are not too popular with this group. They are in the business of selling new airplanes, not extending the life of old airplanes. So we then went to the avionics manufacturers. This group was interested in the fabrication once the engineering is completed. None of them were interested in any type of joint venture arrangement.

This brought us to the F.A.A. Part of the F.A.A.'s mission is to develop nationally standardized systems where the compatibility and interoperability is an issue. Their work on an airborne collision avoidance system is an example of the F.A.A. funding research of our type. The airway users in this country pay a $2.00 tax on each airline ticket sold. The revenue generated goes into the Airport and Airways Development Trust Fund which has a surplus. We contacted the F.A.A. about funding our research under the trust fund. In a meeting between our company and the F.A.A., the F.A.A. expressed financial concerns in anticipation of Gramm-Rudman. If this program is not funded due to what the F.A.A. characterized as trying times, then air safety may indeed be affected by this program being dropped.

The program we offered the F.A.A. as an unsolicited proposal called for just over 12 million to be spent over 4 years. The engine warning system is to be task 1 at a cost of $1.2 million. Milestones along the way are to trigger the additional funding up to the $12 million figure. We chose the engine warning/monitoring system as the first system for development because this engine has been implicated directly in two fatal mishaps. There are over 8,000 of JT8-D'S in service in the United States alone which lends a certain urgency to the program.

Our system directly addresses the causes of crashes. What we offer the F.A.A. is a chance to develop a system that will save lives. If this program is not funded and instead is left up to the marketplace for solution someday, then how many more thousands are going to die uselessly in avoidable accidents?

Other than loss of life there are other consequences to this technology not being funded. One is purely economic. Individuals in Canada recognize the timeliness of our system and have approached the Canadian government about funding our proposal. The Canadians want not only to fund the research, but to put up an assembly line to build the device. A Canadian company would then have all marketing rights both foreign and domestic. Since all airlines we took the concept to have enthusiastically welcomed a device like ours, we don't think there will be much of a problem selling the device here in the U.S. We didn't ask the F.A.A. for manufacturing facilities, just for the research money. Our plans are for us to do the engineering and other U.S. firms to do the manufacturing. If we take the project to Canada then the 25 jobs we have to give for engineering will leave the country, the manufacturing jobs for the approximately 4,000 units we will make will also leave the country, and all the support jobs in the marketing and distribution will also go to Canada.

The last effect I will discuss today is the effect on the F.A.A. Since de-regulation, the growth in the Airline industry has been some 150%. The growth in inspectors has not nearly matched that figure. The increase in accidents both fatal and non-fatal are in many cases, such as the Air Midwest Crash and the engine falling off an American Airlines 727, failures of the F.A.A. to catch unsafe maintenance procedures in this post-de-regulation era. The F.A.A. says it needs more money for more inspectors. This may be true, but what the F.A.A. also needs is a device that will allow the inspectors to work more efficiently and more productively. Our device is nothing short of placing an inspector on every airplane in the U.S.

Our inspector looks in places no human inspector can, like the interior of a jet engine while it is running. The amount of new data we can collect can show an inspector things that may be wrong with a system far in advance of an accident.

No one is more in favor of reducing the federal deficit then myself or my company, but at what cost? Is the price we have paid during the past year in the rash of accidents and record number of deaths an acceptable price? As the airline fleet ages and more carriers go into operation as a result of de-regulation, new problems and challenges confront not only the airline industry, but the F.A.A. as well.

My company feels the price in loss of life, property, and the incalculable loss which is the loss of human potential we have suffered in the last year is too high a price. 2000 dead is not an acceptable level to us, and hopefully the F.A.A. will agree. The events of last year in commercial aviation must never be allowed to be repeated. The F.A.A. has a responsibility to assure the public that the skies are as safe as they possibly can be. Technology can hold many new promises for this safety if not left up to the whims of the marketplace. Last week the Senate Permanent Sub-Committee on Investigations heard from our company on the topic of air safety. Senator Chiles commented that leaving safety up to the whims of the marketplace is about as crass a thing as he can imagine. We agree. Technological advancement in air safety I think is part of the mission of the F.A.A. If they do not agree then perhaps congress ought to rethink their charter.

Mr. Joseph Child who is President of our company and a distinguished engineer is with me today to assist in answering your questions.

Thank you for the opportunity of being part of these proceedings.

AIR ACCIDENT SUMMARY CHART

This chart contains a few notable crashes that have occured in recent aviation history. Each case given shows the cause of the accident and how UFSC's system could have possibly prevented the accident.

* *

CASE 1

Date of accident: August 12, 1985
Type of aircraft: 747
Number of fatalities: 520
Location: Japan

Cause of accident: The rear cabin bulkhead failed allowing the cabin air pressure into the tail section of the aircraft. This caused damaged to the tail section and loss of control of the aircraft.

Universal Flight System: Corporation's solution: A number of sensors in the UFSC system would have played a part in detecting this type of failure. Pressure sensors, strain gauges, vibration sensors and pressurization air flow metering would probably have sensed the fault condition prior to catastrophic results.

* *

CASE 2

Date of accident: September 6, 1985
Type of aircraft: DC 9
Number of fatalities: 31
Location: Milwaukee

Cause of accident: The spacer between the 9th and 10th stages in one engine failed. The spacer flew through the engine causing the engine to fail.

Universal Flight System: Vibration sensors in the UFSC proposed engine warning/monitoring system can detect spacer cracks well in advance of catastrophic failure. Tests by Air Canada show that such failures can become apparent to vibration sensors long before serious failure. For further details on the engine warning system, see UFSC's proposal to the F.A.A. Task 1A and Addenda 1 and 2.

* *

CASE 3

Date of accident: December 12, 1985   Number of fatalities: 256
Type of aircraft: DC 8   Location: Gander, Newfoundland

Cause of accident: The Canadian report has not yet been released to the U. S. government. Several contributing causes have been speculated, however. The C. G. is believed to have been outside its design envelope. The ice accumulation may have contributed unacceptably to the gross take off wieght. Reports have also been received that there were known problems with one or more of the JT8D engines on board. Further, UFSC has learned that the ice fog on the morning of the crash was the worst in history according to local residents.

Universal Flight System: Corporation's solution: The C.G. and gross weight would have been precisely known using the UFSC system.

* *

CASE 4

Date of accident: June 2, 1985   Number of fatalities: 23
Type of aircraft: DC 9   Location: Cincinnati

Cause of accident: Fire in the lavatory

Universal Flight System: Corporation's solution: Smoke and fire detection would have reported the problem to the cockpit long before it became impossible to extinguish the fire.

* *

CASE 5

Date of accident: January 13, 1982   Number of fatalities: 78

Type of aircraft: 737 Location: Washington, D. C.

Cause of accident: Insufficient power for take off. The cause has been linked to excessive icing. With the JT8D engine this can result in a false indication to the pilot that there is adequate engine thrust for safe take off.

Universal Flight System:
Corporation's solution: UFSC's system will monitor the engine's performance in much greater detail than is currently done and warn pilots specifically of this engine condition. The false indication of power would have been detected with an appropriate warning to the crew.

* *

CASE 6

Date of accident: May 25, 1979 Number of fatalities: c297
Type of aircraft: DC 10 Location: Chicago

Cause of accident: Engine mount failed causing the engine to fall off. This action caused the failure of other systems on the aircraft resulting in loss of control of the aircraft.

Universal Flight System:
Corporation's solution: Vibration sensors on the engine would most likely have sensed abnormal virbation prior to take off.

* *

CASE 7

Date of accident: August 22, 1985 Number of fatalities: 54
Type of aircraft: 737 Location: Manchester, Englasnd

Cause of accident: A burn can in a JT8D engine burst during take off causing a fire that swept through the cabin.

Universal Flight System:
Corporation's solution: The UFSC engine warning system provides high fidelity monitoring of the JT8D

engine including precise thermal measurements of the exhaust. Since burn can deterioration tends to be slow, monitoring of the engine would probably have detected the burn can deterioration long before a catastrophic failure.

ADDITIONS TO THE RECORD

Air
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Arlington, Virginia 22201

Area Code (703) 522-5717

STATEMENT OF

SUZETTE MATTHEWS

ON BEHALF OF

THE AIR TRAFFIC CONTROL ASSOCIATION, INC.

BEFORE THE

SUBCOMMITTEE ON AVIATION

COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION

UNITED STATES HOUSE OF REPRESENTATIVES

March 12, 1986

dedicated to progress in the science of air traffic control

Mr. Chairman, I am Suzette Matthews, General Counsel of the Air Traffic Control Association, Inc. ATCA is a professional association which has as its goal advancements in the science and profession of air traffic control and aviation safety. ATCA's membership consists of air traffic controllers, air traffic and flight service specialists, pilots, and other persons, corporations, and organizations engaged in the development, operation, maintenance and use of the National Airspace System.

ATCA appears before you today to provide its insight into the effect the Administration's proposed fiscal year 1987 budget, and the Balanced Budget and Emergency Deficit Control Act of 1985 (Gramm-Rudman-Hollings), will have upon operations of the Federal Aviation Administration.

THE AVIATION TRUST FUND

Let me begin by stating that ATCA supports legislation pending before both the Senate (S. 1979) and the House (H.R. 4191) which would separate the Aviation Trust Fund out of the annual Federal Budget process, and assure that funds raised from aviation users specifically for airport and airways improvements would be expended for those purposes. The Airport and Airway Improvement Act of 1982 was a major legislative initiative representing an historic agreement between the Administration, the Congress, and the users of the nation's airport-airway system. It set long-range goals for major upgrading and improvement of the air traffic control system as set forth in the National Airways System (NAS) Plan, and for an urgently needed program for development of airports. At the same time, the Act established a set of increased taxes on users of the system -- taxes calculated to produce the revenues needed to pay for the authorized programs. In all ways, the 1982 Act was an event of great importance and imagination, marrying a vast capital investment program to a dedicated source of funding derived from those persons and companies who actually use the system. The Administration and Congress should honor the commitment made to those citizens who paid into the Fund by assuring that Trust Fund monies now available are expended for NAS modernization. Taking the Aviation Trust Fund out of the Federal Budget process would facilitate that end.

EFFECTS OF PRESIDENT'S FY 87 BUDGET REQUEST AND GRAMM-RUDMAN-HOLLINGS ON NAS MODERNIZATION AND FAA OPERATIONS

The Airport and Airway Improvement Act of 1982 directed the Administrator of the Federal Aviation Administration to formulate a National Airways System Plan, setting forth a ten-year investment program for research, engineering, and development, and the facilities and equipment necessary for a system of airways, air traffic services, and navigation aids which will meet the forecasted needs of civil aeronautics, meet the requirements in support of the national defense, and provide the highest degree of safety in air commerce. The 1982 Act also authorized Congress to appropriate nearly $11.6 billion in cummulative steps through Fiscal Year 1987 for airport improvements, and facilities and equipment, and up to $1.69 billion for research, engineering and development and demonstrations.

To date, however, funding for the facilities and equipment, and research and development aspects of the NAS Plan has lagged behind levels authorized by statute. Although the 1982 Act authorized Congress to appropriate up to $5.163 billion for facilities and equipment through FY 86, only $3.946 billion was appropriated -- $1.217 billion behind authorized levels; in FY 84. 85 and 86, appropriations for RE & D lagged $23, $5 and $18.2 million behind authorized levels, respectively. Between FY 85 and FY 86 alone, FAA's F&E and RE&D accounts experienced a decline in funding of 30% and 26%, respectively.

The Administration's requested FY 87 funding levels for FAA Facilities and Equipment, and for Research, Engineering and Development exacerbate the declining trend, and jeopardize timely completion of the NAS Plan. The Administration's FY 87 request of $825 million for F&E is 13% below FY 86's appropriation, and 39% below FY 85's funding level. The Administration's $134 million FY 87 RE&D request is 32% below the FY 86 appropriation, and 49% below the FY 85 level. Moreover, although the 1982 Airport and Airway Improvement Act authorizes funding of up to

$6,327 billion for F&E through FY 87, the $825 requested level for FY 87 will mean a cumulative lag of over $1.5 billion behind the authorized level; similarly, the requested funding for RE&D ($134 million) is $59 million (30%) below the level authorized by Congress. Gramm-Rudman-Hollings threatens to decrease these already reduced levels even further. If a 20% sequester order were required to meet Gramm-Rudman-Hollings requirements, FAA's F&E request of $825 would be reduced to only 57% of the authorized amount; FAA's RE&D request of $134 would be reduced to only 56% of the authorized amount. Obviously the NAS Plan contemplated by the 1982 Act cannot sustain funding cuts of this magnitude -- over half the authorized amount --- and still remain anywhere near schedule.

In addition to threatening program delays, Gramm-Rudman-Hollings cuts in FY 86, and Administration-proposed decreases in FY 87, will require changes in the way FAA plans procurement that could jeopardize the NAS Plan. In order to meet deficit reduction goals while at the same time keeping major NAS Plan projects on track, FAA will be forced to depart from its traditional "full-funding" approach to new equipment purchases. Under the full-funding approach, project completion is assured by securing funds for the life of the project at the time of initial investment. As a result of F&E cuts in FY 86, and continued austerity in FY 87, FAA will be forced to use funds reserved for completion of projects already underway, to initiation of other planned NAS projects. In future years, therefore, FAA will need to seek year-by-year appropriations for all NAS projects. This change will inject instability into FAA's NAS planning process, creating a heretofore unencountered risk that NAS projects underway will encounter delay or cancellation in future years for lack of funding.

NAS Plan Facilities and Equipment projects also risk immediate delay in FY 86 and FY 87 as a result of reduced ATC operations maintenance funding. Systems maintenance expenditures are composed 56% of salaries and benefits to employees, 23% leased communications, 10% rents/communication/utilities, 9% travel/transport of supplies and personnel, and 2% other expenses. Since the first 89% of maintenance funds are fixed costs, operations cuts in the maintenance area in FY 86 and FY 87 will come largely in the form of reduced transportation expenditures. Since NAS Plan implementation (for example FSS consolidations) depend largely upon FAA's ability to move people and equipment, the extreme funding cutbacks FAA faces today and in FY 87 are a real, short-term threat to timeliness of the entire program.

As in the case of F&E and RE&D expenditures, funding for FAA Operations is experiencing an alarming decreasing trend, despite increased and increasing air traffic, and the additional demands of the ongoing NAS modernization. Funding for FAA Operations in FY 86 was almost 7% less than that appropriated for FY 85; funding for air traffic control system maintenance in particular was down 7% in FY 85 funding. With the effects of Gramm-Rudman cuts, funding for air traffic operations was down 2% in FY 86 from FY 85 levels. These funding reductions have taken place simultaneous with directives from Congress for FAA to significantly increase the aviation safety inspector, air traffic controller, and aviation security work force. Although the Administration's FY 87 funding request for Operations is somewhat higher than the amount appropriated in FY 86, Gramm-Rudman-Hollings threatens to place FAA Operations in a worse position than the tight constraints being faced in FY 86. If a sequester order of 20% were required, FAA Operations funding in FY 87 would drop to only 83% of the FY 86 appropriated level, and 81% of the FY 85 level. Air traffic maintenance funding in particular would drop to only 86% and 80% of FY 86 and FY 85 levels, respectively. Obviously, funding cuts of this magnitude would require FAA service cutbacks of considerable significance.

FAA funding cuts will be felt in other areas vital to efficiency and capacity of the NAS as well. The Administration's FY 87 Budget Request of $712 for the Airports Program is 16% and 24% below amounts appropriated in FY 85 and FY 86, respectively, and $305 million (30%) below the authorized level. This declining funding trend will result in reductions in FAA services to local airports which would otherwise contribute toward improving efficiency of the NAS. FAA may be forced to contract out the task of collecting airport safety inspection data; airport data will be updated less frequently; the function of assisting local authorities with airport site selection and evaluation, formerly performed by FAA, is now performed by consultants paid by local governments; FAA's Airports staff which, among other tasks, administers the grant program, is being reduced at the rate of 2% per year; measures designed to enhance capacity and address environmental concerns will be slowed. Moreover, reductions in funding for FAA airport programs of the magnitude proposed will mean a reduction in the substance of airport grants program -- cuts which will be felt most painfully by small airports which rely heavily on Federal aid.

Moreover, reductions in FAA Operations funding proposed by the Administration in FY 87, and possibly Gramm-Rudman-Hollings cuts, will impact adversely on air carrier certification, promulgation of regulations, policies, and aviation standards. In particular, FAA's type and supplemental certification process may be slowed, with more and more of the travel, and timing burdens, of the process falling upon applicants; there will be a reduction in the frequency of airmen examiners' educational seminars; flight currency flying for FAA inspectors will be reduced; the schedule for commissioning of new facilities will be stretched out; non-safety critical navigation facilities will be closed, and those closed will experience delayed recommissioning.

CONCLUSION AND RECOMMENDATION

ATCA is vitally concerned that the economies and cutbacks necessitated by Gramm-Rudman-Hollings, and the Administration's austere FY 87 budget proposed for FAA, will impact adversely on efficiency and capacity of the NAS, and might jeopardize NAS modernization. ATCA submits that Congress and the users of the Air Traffic Control System expressed their desire for NAS modernization in the cooperative venture embodied in the Airport and Airway Improvement Act of 1982, and the users indicated their willingness to pay for those improvements through the higher user taxes which fund the Aviation Trust Fund. More and more, the public is selecting commercial air transport as its preferred means of travel. Americans are concerned about safety and efficiency in air transportation; they support Federal programs designed to improve our air transport system; and they are willing to have Federal dollars spent for those purposes. While supporting the goal of deficit reduction, ATCA strongly urges Congress to make increased funding for NAS Modernization and FAA Operations a special priority, to assure that the users of the NAS and the flying public receive the safe and efficient air transport system they demand and deserve.

Thank you for providing ATCA this opportunity to express its views.

Statement of

The Associated General Contractors of America

Submitted to the

Subcommittee on Aviation

of the

Public Works and Transportation Committee

United States House of Representatives

March 12, 1986

On the Topic of the Effects of the

President's Budget and

Gramm-Rudman-Hollings on

Aviation Programs

AGC is:

- **More than 32,000 firms including 8,400 of America's leading general contracting firms responsible for the employment of 3,500,000-plus employees;**
- **110 chapters nationwide;**
- **More than 80% of America's contract construction of commercial buildings, highways, industrial and municipal-utility facilities;**
- **Approximately 50% of the contract construction by American firms in more than 100 countries abroad.**

The Associated General Contractors of America (AGC) represents more than 32,000 firms, including 8,400 of America's leading general contracting companies. These member firms are responsible for the employment of more than 3,500,000 individuals and perform more than 80 percent of America's contract construction of airports, highways, commercial buildings and industrial and municipal utility facilities.

The AGC welcomes this opportunity to comment on the need for legislation to remove the Airport and Airway Trust Fund from the federal unified budget and to exempt the programs financed from the Trust Fund from the spending cuts required under Gramm-Rudman-Hollings. We also applaud the Subcommittee's leadership which resulted in passage of the landmark Airport and Airway Act of 1982 and its continuing efforts to ensure that our nation's airport and airway systems meet the ever-increasing levels of user demand. This leadership was again shown in the first session of this Congress, through your efforts to remove the transportation trust funds from the federal unified budget.

Notwithstanding the concern over the federal budget deficit, it must be emphasized that the Airport Improvement Program (AIP) is financed entirely from the Airport and Airway Trust Fund. The Trust Fund is supported by the 8 percent airline ticket tax and other fees collected from the users of our aviation system in keeping with the sound fiscal policy that users of the system should be the ones to pay the costs. This "pay-as-you-go" system has worked successfully.

Moreover, the monies that have been spent on our nation's airport and airway systems have never contributed a penny to the federal deficit. User fees are collected from the nation's aviation users, placed in the Airport and Airway Trust Fund and dedicated, by law, to be spent on the nation's airport and airway systems. The Airport and Airway Trust Fund is in reality a very simple and efficient balanced budget account.

The Airport Improvement Program has not only not contributed to the budget deficit, it has been continuously underfunded by Congress, thereby helping to build what will be a $4.3 billion uncommitted surplus in the Airport and Airway Trust Fund by the end of FY'86. As the Chairman appropriately pointed out in his opening remarks at the March 12 hearings, "The Federal Government has repeatedly reneged on its commitment, while the users have continued to make good faith payments into the Trust Fund."

The underfunding of the AIP program has been compounded by the 4.3 percent sequestration under Gramm-Rudman-Hollings in FY'86, which reduced the program's obligation limitation to $885 million. The Administration's FY'87 budget proposal would also reduce the obligation limitation for the AIP program to $712 million -- a full 30 percent less than the $1.017 billion authorized by Congress for that fiscal year.

The cutbacks in the AIP program being proposed by the Administration for FY'87 are all the more perplexing given the FAA's March 7 news release announcing its forecast of a continuing strong demand for air travel "with almost 650 million passengers expected to fly (annually) on scheduled commercial airlines" by 1997. This represents an astounding 40 percent increase from the 391 million passengers which FAA forecasts will fly on airlines in FY'86.

It is almost axiomatic that the capacity of our aviation system will have to be increased substantially to handle this increase in demand which is being forecast by the FAA. This will most obviously require more, not less, investment in both the airway and airport programs. In fact, the need for a balanced approach between the airway and airport programs was most cogently stated by the Chairman when he observed in a speech in 1982 that "Obviously one has to ask whether we are headed for a fabulous airway system for aircraft which then have no place to land."

The availability of safe and efficient air transportation depends, in large measure, on continued capital investment in airport development. The FAA estimates that a total of $18.3 billion in capital development will be required through 1995 to meet the projected increase in demand for air travel. However, FAA's estimate includes only the costs of those projects that are eligible to receive federal funding. A more realistic

assessment is provided by the American Transportation Advisory Council in its ATAC-III report. According to the ATAC-III report, "at least $27 billion will be needed to fund capital improvements in the nation's airports over the period 1987-1995."

It must also be understood that some items in the federal budget are more significant to long-term economic growth than others. An important case in point is investment in the nation's transportation infrastructure. Sacrificing proven and much-needed transportation infrastructure investments for supposed short-term deficit reduction gains will only serve to saddle future generations with a low-growth economy and create a transportation system burdened with much greater repair and replacement costs.

In conclusion, AGC strongly urges the removal of the Airport and Airway Trust Fund from the federal unified budget and the exemption of the programs financed from the Trust Fund from spending cuts required under Gramm-Rudman-Hollings. This is the only equitable solution to a problem which if left unresolved will erode the public's confidence in what is a critical component of our transportation system.

I.U.F.A.

Margaret W. [illegible], President
Brian Moreau, Vice President
Emilie J. DeGeer, Secretary/Treasurer

3 April 1986

The Honorable Norman Mineta
Chairman,
House Aviation Sub Committee
Rayburn House Office Building
Washington, D.C. 20510

Dear Congressman Mineta,

Please find enclosed a statement by the Joint Council of Flight Attendant Unions on the effects of Gramm, Rudman, Hollings on aviation safety agencies.

We would also like to thank you, once again, for your continuing efforts to enhance aviation safety. If any member of the Joint Council can be of assistance to you or your staff, please let us know.

Respectfully,

Joellen M. Thompson

Joellen M. Thompson for
the Joint Council of Flight Attendant Unions

encl: 3
cc: Joint Council of Flight Attendant Unions

Independent Union of Flight Attendants • 840 Malcolm Road, Suite One • Burlingame, CA 94010 • (415) [illegible]

TESTIMONY ON THE EFFECTS OF
GRAMM, RUDMAN, HOLLINGS
ON AVIATION SAFETY AGENCIES

SUBMITTED BY:

THE JOINT COUNCIL OF FLIGHT ATTENDANT UNIONS

MARCH 12, 1986

Association of Professional Flight Attendants

Independant Federation of Flight Attendants

Independant Union of Flight Attendants

International Brotherhood of Teamsters

Transport Workers Union

Union of Flight Attendants

The Joint Council of Flight Attendant Unions (JCU) would like to thank the House Committee on Public Works and Transportation for allowing us the opportunity to present testimony on the effects of Gramm, Rudman, Hollings on aviation safety agencies.

The JCU does not have access to, or knowledge of, the in-house information required to determine the specific impact of Gramm, Rudman, Hollings on the day to day operation or the long term effect on the FAA or the NTSB and, subsequently aviation safety. However, the JCU would like to state our concerns, for the record.

Item 5 on the Meeting Notice asks: Is there a need for legislation to change the treatment of aviation under the presidential and congressional budget process or under Gramm, Rudman, Hollings ? The JCU believes that a need for such legislation exists.

The FAA has the paradoxical task of regulating a deregulated industry, enhancing safety while promoting aviation. Secretary Dole has stated, on several occasions, that deregulation has not adversely effected aviation safety; we disagree. It is apparent that deregulation has necessitated extreme cost cutting measures by most air carriers. FAR minimums have become the operating norm of the industry.

Air traffic controllers and inspectors are exempt from the hiring freeze and potential layoffs at the FAA; their functions are important and should be exempt. However, budget cuts will underscore the present problem of information collation and analyses. Several costly studies, Comptroller General 1980 and National Academy of Sciences 1980, that were done on FAA organization and administrative procedures indicate a need for more effective use of personnel to gather, collate, analyize and disseminate information, to turn hard data into preventative safety rules. Budget cuts will serve to reduce the capacity of the FAA to do this job.

Now is the time for increased FAA activity; the U.S. aircraft fleet is aging and major airworthiness problems are surfacing. The continued safe flight of these aging aircraft depends on strict adherence to the maintenance procedures perscribed by the manufacturer and optimum inpection by the air carriers. If last year is an indication, i.e. fines levied for maintenance violations and reporting standards, then not all air carriers are operating at a safe level or in coupliance with the FAR's.

Frequent and thorough on-line and in-house air carrier inspections are needed, on a regular basis. Violations fill the Federal coffers but, without the manpower to find and assess emerging trends, to revise and initiate regulations, the inspections will produce bandaid solutions to potentially critical problems.

In addition to their function as 'watchdog' agencies, the FAA and NTSB fullfill other important niches in the aviation safety chain. The FAA Research and Development Projects (R&D's), past and in progress, provide valuable information for the aviation community. There is a definite need for these projects; the industry, operating under the cost constraints imposed by deregulation, can no longer be relied on to initiate or participate in research and development.

The NTSB, in its investigative capacity, provides human factors data that can be turned into hardware for the preservation of life. The work both agencies do in the area of airworthiness: seats, attachments, cabin interiors, flammability, water survival...are relevant and warranted.

By urging that aviation safety agencies be exempted from budget cuts, the JCU is not promoting the status quo. Maximum utilization of manpower and resources needs to be addressed in terms of centralization of information and, utilization of that information so it can be easily channeled into the regulatory process. What is needed is not a cut in personnel but a realignment of the system.

The largest single task, in the opinion of the JCU, that faces the FAA is a thorough reassessemnt of the FAR's. In light of the aging aircraft and cost cutting, how long will the present FAR minimums provide an adequate gauge for safety ? Several Parts of the FAR's have not been updated since the 1950's or earlier. Knowledge of existing problems should be expeditiously integrated into the FAR's and dated references deleted. If this revision is to be accomplished and the ill-effects of deregulation countered, manpower, not budget cuts, is needed.

Federal Firefighters Association

LOCAL 1

ADDRESS: 2304 Brooks Dr. Apt. 202, Suitland, MD 20746 PHONE: 557-2101

Jimmie L. Pete
President

Roger L. Ward
Secretary-Treasurer

February 6, 1986

Honorable Norman Y. Mineta
U.S. House of Representatives
2350 Rayburn House Office Bldg.
Washington, D.C 20515

Dear Congressman Mineta:

Enclosed you will find a recent memo received from the Fire Chief of the Washington National and the Washington Dulles Airports. Also enclosed you will find a copy of a memo from the Administrator of the FAA, Donald D. Engen, which both address budget cuts and restrictions.

Both of these memo's are very serious in nature and we feel, the restrictions and other options, will have an adverse impact on the fire and rescue operations, at both airports.

Currently the Dulles International Airport Fire Department operates with a minimum manning level of 16 and the Washington National Airport Fire Department operates with a minimum manning level of 14. These number of personnel are necessary to effectuate crash fire fighting activities as well as structural fire fighting, Advanced Life Support Units (Paramedic) and water rescue activities.

Some cases in point where a adequate minimum staffing produced positive results are: the Eastern Shuttle 727 that aborted it's take off at Washington National Airport in 1985, that could have been a catastrophe, and with the recent "wheels up" landing that occured at Washington Dulles Airport of a Eastern 727 which also could have netted life lost, but due to a quick and an effective manpower force was able to evacuate the passengers and reduce any major injuries.

We feel, YOU as users, YOUR lives and the lives of your loved ones, as well as the flying public, will be in serious jeporady, if the cutbacks that are indicated in the aforementioned memorandum's become a reality because of budget constraints imposed by the Gramm-Rudman-Hollings Act.

While we are taxpayers too, and are greatly concerned about the budget deficit, we do not feel that cuts should be accomplished by reducing or eliminating vital and essential life safety functions, such as those that are provided by the current professional fire fighting staff, at both airports.

We request your immediate intervention through the legislative process to restore the vital function of an effective firefighting force for the Dulles International and Washington National Airports, and to block any manpower cuts, in the minimum manpower currently in existenance, which are necessary to perform the above mentioned functions.

Sincerly,

Jimmie L. Pete
President, Local 1
Federal Firefighters Assn.

U.S. Department
of Transportation
Federal Aviation
Administration

Memorandum

Subject: INFORMATION/ACTION: Overtime and Budget Expenditures/Procedures

Date: January 24, 1986

From: Fire Chief, AMA-320

Reply to
Attn of:

To: All MWA Fire Department Personnel

During recent weeks considerable attention has been given to the status of MWA's Budget and what effect recent Congressional action is having on the Airports. The ramification of the Gramm-Rudman Act are presently unknown but what is known is that our operation is going to be seriously impinged upon. During the shift meetings held on January 7 and 8, you were advised of what we are facing in the coming years and more important some of the measures that will be instituted to reduce spending. The first area that we are concentrating on is overtime expenditures. The following actions will be instituted in an attempt to reduce this expenditure:

1. Vacancies will be filled as soon as possible.
2. Recall of off-duty personnel to cover shift staffing when an on-duty employee goes on sick leave or emergency annual leave after 1700 hours will be eliminated. Duty shift will work with a reduced manning level for the remainder of this shift. Recall will be instituted should a second individual be required to leave his/her duty station in a leave status.
3. Short overtime for schools, training and personnel reporting late for duty will be eliminated. This requirement applies to one manning slot. Short overtime period is defined as six (6) hours.
4. Elimination of overtime expenditures for personnel in training, unless training is classified essentials, i.e. EMS, dive team, management, etc.
5. Supervisor will place stringent controls on requests for annual, emergency and sick leave requests.
6. Elimination of long overtime at each airport by reducing manning levels after 1930 hours. Manning levels will be reduced to 13 at DCA and 15 at Dulles when a long overtime is required. This applies to one overtime slot. Should manning require two overtime slots to be filled then one will terminate at 1930 hours and the other slot will be manned for 24 hours.

7. Utilization of 56 hour employees to eliminate overtime. When an overtime slot is projected the shift supervisor will advise the Deputy Chief of the shortage. Arrangements will be made by the Deputy Chief to determine the availability of 56 hour employees to work their required tour during this shortage. If an employee is working a long overtime and a 56 hour employee reports for duty, then the employee working the overtime will be relieved of duty. The present policy permits the employee to remain on duty or leave when a 56 hour employee reports for duty. This policy is eliminated.

8. The Fire Chief and/or Deputy Chiefs will relieve a supervisor from overtime when they report for shift duty.

9. Assistant Chiefs shall work overtime only when the opposite Assistant Chief creates the overtime.

10. All EMT and River Rescue training that will create overtime shall be approved in advance by the Fire Chief.

11. Supervisors shall encourage employees in use/lose category to schedule annual leave through the vacation selection process. Scheduling of use/lose leave shall be completed prior to the beginning of the year end leave quarter. The intent is to eliminate the year end flood of leave requests that impinges on our manning levels.

Equipment/Supplies:

During the shift meetings you were advised of cuts already made to our budget. The replacement for R-327 has been cut, minor construction projects have been cut, supplies (other than essential items) shall be greatly reduced. All procurement requests are being closely reviewed and evaluated by higher authorities. These are just a few of the measures that are being taken to reduce our (MWA) budget. I am certain that additional measures shall be instituted if these measures fail to produce the desired effect. These most certainly shall include furloughs and/or RIF's. This measure shall be a last resort and if it reaches our department we can expect to reduce certain services that are presently being provided.

Although there appears to be many uncertainties in our future, we have the capabilities to survive. It will take a united effort and I am certain that I can count on each of you to do your share. I have attached a copy of a letter received from Administrator Engen outlining the constraints he has placed on the Agency. This letter addresses the constraints being placed upon the Agency, and also says that we, working as a team, can reduce the burden being placed upon us. You have demonstrated in the past that you can unite when faced with adversity and I see no reason why that unity can't flourish during these trying times.

As more information becomes available I shall pass it on in hopes of keeping you well informed and advised.

Charles E Shupienus
Charles E. Shupienus

Attachment

NAME OF AGENCY
FEDERAL AVIATION ADMINISTRATION
WASHINGTON, D.C.

PRECEDENCE
ACTION PRIORITY
INFO

SECURITY CLASSIFICATION

ACCOUNTING CLASSIFICATION

DATE PREPARED
12/31/85

FILE

FOR INFORMATION CALL

NAME
CHARLES E. WEITHONER

PHONE NUMBER
426-3456

TYPE OF MESSAGE
☐ SINGLE ☐ BOOK ☐ MULTIPLE-ADDRESS

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MESSAGE TO BE TRANSMITTED (Use double spacing and all capital letters)

DATE-TIME
31DEC85 20 06Z

TO:
NOUS2 KRWA

GENOT RWA5/227 SVC B PF

ALL FAA EMPLOYEES

PART 1 OF 3. THE FOLLOWING STATEMENT SHOULD BE DISSEMINATED AS WIDELY AND EXPEDITIOUSLY AS POSSIBLE.

I HAVE TODAY IMPOSED SEVERE CONSTRAINTS ON CONTRACTING, TRAVEL, AND OTHER ACTIVITIES WHICH RESULT IN SPENDING MONEY FOR FAA OPERATIONS. HIRING FOR OCCUPATIONS OTHER THAN AVIATION SAFETY INSPECTORS, AIR TRAFFIC CONTROLLERS, AND CIVIL AVIATION SECURITY SPECIALISTS IS FROZEN FOR AN INDEFINITE PERIOD.

THESE CONSTRAINTS ARE CAUSED BY REDUCTIONS IN THE FUNDS AVAILABLE FOR FAA OPERATIONS. OUR 1986 BUDGET AS ENACTED BY THE CONGRESS IS WELL BELOW OUR BUDGET REQUEST. FURTHER, CONGRESS HAS ENACTED LEGISLATION (GRAMM-RUDMAN BILL) WHICH SEEKS TO DEAL WITH OUR

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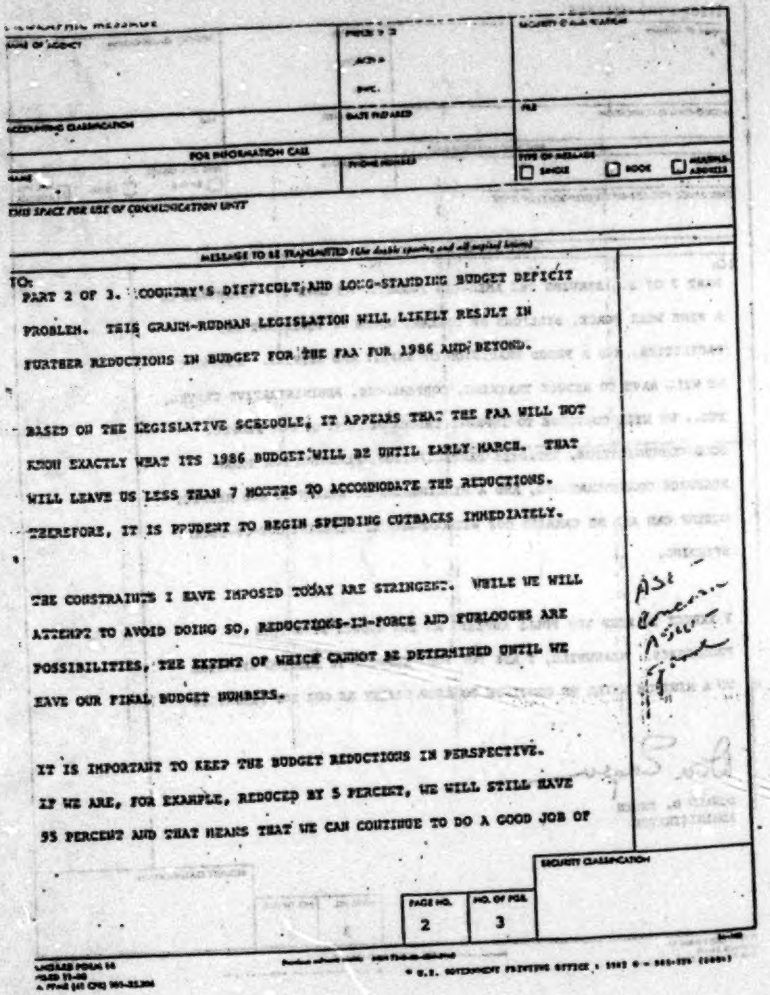

TELEGRAPHIC MESSAGE

NAME OF AGENCY

ACCOUNTING CLASSIFICATION

DATE PREPARED

FOR INFORMATION CALL

NAME

PHONE NUMBER

SECURITY CLASSIFICATION

FILE

TYPE OF MESSAGE ☐ SINGLE ☐ BOOK ☐ MULTIPLE-ADDRESS

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MESSAGE TO BE TRANSMITTED (Use double spacing and all capital letters)

TO:

PART 2 OF 3. COUNTRY'S DIFFICULT, AND LONG-STANDING BUDGET DEFICIT PROBLEM. THIS GRAMM-RUDMAN LEGISLATION WILL LIKELY RESULT IN FURTHER REDUCTIONS IN BUDGET FOR THE FAA FOR 1986 AND BEYOND.

BASED ON THE LEGISLATIVE SCHEDULE, IT APPEARS THAT THE FAA WILL NOT KNOW EXACTLY WHAT ITS 1986 BUDGET WILL BE UNTIL EARLY MARCH. THAT WILL LEAVE US LESS THAN 7 MONTHS TO ACCOMMODATE THE REDUCTIONS. THEREFORE, IT IS PRUDENT TO BEGIN SPENDING CUTBACKS IMMEDIATELY.

THE CONSTRAINTS I HAVE IMPOSED TODAY ARE STRINGENT. WHILE WE WILL ATTEMPT TO AVOID DOING SO, REDUCTIONS-IN-FORCE AND FURLOUGHS ARE POSSIBILITIES, THE EXTENT OF WHICH CANNOT BE DETERMINED UNTIL WE HAVE OUR FINAL BUDGET NUMBERS.

IT IS IMPORTANT TO KEEP THE BUDGET REDUCTIONS IN PERSPECTIVE. IF WE ARE, FOR EXAMPLE, REDUCED BY 5 PERCENT, WE WILL STILL HAVE 95 PERCENT AND THAT MEANS THAT WE CAN CONTINUE TO DO A GOOD JOB OF

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TELEGRAPHIC MESSAGE

NAME OF AGENCY	PRECEDENCE ACTION INFO	SECURITY CLASSIFICATION
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MESSAGE TO BE TRANSMITTED (Use double spacing and all capital letters)

TO:

PART 3 OF 3. SERVING THE AMERICAN PUBLIC. WE HAVE THE ADVANTAGE OF A FINE WORK FORCE, BILLIONS OF DOLLARS WORTH OF EQUIPMENT AND FACILITIES, AND A PROUD TRADITION OF SAFETY AND SERVICE. ALTHOUGH WE WILL HAVE TO REDUCE TRAINING, CONFERENCES, ADMINISTRATIVE TRAVEL, ETC., WE WILL CONTINUE TO IMPROVE THE MANAGEMENT OF OUR PEOPLE. GOOD COMMUNICATION, EMPLOYEE PARTICIPATION, PLANNING FOR HUMAN RESOURCE CONSIDERATIONS, AND A WILLINGNESS TO LISTEN TO AND RESPECT OTHERS CAN ALL BE CARRIED OUT WITHOUT ANY SIGNIFICANT OUT-OF-POCKET SPENDING.

I EXPECT TO KEEP YOU FULLY ADVISED AS THE BUDGET SITUATION PROGRESSES. MEANWHILE, I ASK FOR YOUR SUPPORT IN HOLDING SPENDING TO A MINIMUM WHILE WE CONTINUE TO KEEP SAFETY AS OUR TOP PRIORITY.

Don Engen

DONALD D. ENGEN
ADMINISTRATOR

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